



DEPARTMENT
OF CORRECTIONS

DEPARTMENT OF
CORRECTIONS

ANNUAL
REPORT

1 July 2002 - 30 June 2003

Presented to the House of Representatives Pursuant to Section 39 of
the Public Finance Act 1989

FOREWORD

In accordance with section 39 of the Public Finance Act 1989, I submit the following report on the operations of the Department of Corrections for the period 1 July 2002 to 30 June 2003. This includes audited financial statements and covers the Department's administration of the Penal Institutions Act 1954 (and the Penal Institutions Regulations 2001), the Sentencing Act 2002 and the Parole Act 2002.



Mark Byers
Chief Executive

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For more information on the work of the Department of Corrections, please visit our website at
www.corrections.govt.nz

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CHIEF EXECUTIVE'S *Overview*

The Department of Corrections was established in October 1995.

In the intervening period the Department's focus has been on addressing issues related to the organisational development and operational delivery of its core business. There has also been a strong focus on the development of new ways to increase our capability in the area of reducing re-offending.

In achieving these and other key areas of work as outlined in this report, the Department has made significant progress towards improving its overall contribution to the justice sector outcome of Safer Communities through its focus on the outcomes of Protecting the Public and Reducing Re-offending.

Part A provides information on a range of quality and effectiveness measures used to determine our overall contribution to these outcomes and it is pleasing to see the results that have been achieved so far, which clearly show that the Department performs well when compared to other overseas jurisdictions.

However there is still much to achieve and the 2003/04 year will see the Department start to implement its new set of Strategic Business Plans, which have a clear focus on consolidating the gains that have been made as well as continuing to look for ways to improve how we undertake our core business.

I am proud of what has been achieved by this Department since 1995. We are a strong organisation that is clearly focused on its overall direction and has clear understanding of the work required to ensure that we continue to improve.

I also thank the staff and managers for their efforts in ensuring the Department has been able to meet the challenges of the past and is now well placed to meet the challenges of the future.



Mark Byers
Chief Executive



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Introduction

The 2002/03 Annual Report describes achievement against the Department's strategic goals and key milestones, outputs and performance measures as outlined in the Department's Statement of Intent produced at the beginning of the year.

The Department has this year introduced a new Strategic Business Plan, Māori Strategic Plan, Pacific Strategy and associated operational strategies to guide its work through to 2008. These plans mark a significant stage in the Department's development, so this report also takes the opportunity to report broadly on progress since the Department of Corrections was established in 1995.

The Annual Report is divided into three parts:

Part A – outlines the purpose of the Department and its strategic direction, then provides some information on the context in which it operates, with reference to some key statistics. It also describes the development of the Department since 1995. This is followed by a section on outcome measurement. As part of the Department's focus on its outcomes, a range of efficiency, quality and effectiveness measures are used to demonstrate the progress being made towards the secondary outcomes of Protecting the Public and Reducing Re-offending. Part A concludes by reporting progress made against each of the four Strategic Goals and their associated milestones.

Part B – reports performance against the outputs as outlined in the 2002/03 Statement of Intent within the 2002/03 appropriation. It does this through the inclusion of a Statement of Service Performance and Financial Statements to meet the requirements of the Public Finance Act 1989.

Part C – begins the process of placing the Department's performance reporting within the context of sustainable development – the triple bottom line. This part also provides a range of additional performance information and outlines some of the key dimensions and structure of the Department.

Purpose and *Strategic Direction*

PURPOSE AND PRINCIPLES OF THE CORRECTIONS SYSTEM

The Department of Corrections was established in October 1995 and is responsible for the administration of the New Zealand corrections system. The following purpose and principles of the corrections system have been approved by the Government.¹

Purpose

The purpose of the corrections system is to maintain public safety and contribute to the maintenance of a just society by:

- ensuring that the community-based and custodial sentences and related orders that are imposed by the courts and the New Zealand Parole Board are administered in a safe, secure, humane and effective manner
- assisting in the rehabilitation of offenders and their reintegration into the community, where appropriate, and as so far as is reasonable and practicable in the circumstances and within the resources available, through the provision of programmes and other interventions
- providing information on offenders to the courts and the New Zealand Parole Board to assist them in their decision-making.

Principles

The principles that guide the operation of the corrections system are listed here.

- The maintenance of public safety is the paramount consideration in decisions about the management of persons under control or supervision.
- Victims' interests must be considered in decisions related to the management of persons under control or supervision.
- In order to reduce the risk of re-offending, decisions related to sentence planning and management, and the rehabilitation and reintegration of offenders into the community, must, where appropriate, take into account the cultural background, ethnic identity, and language of offenders.
- An offender's family must, so far as is reasonable and practicable in the circumstances and within the resources available, be recognised and involved in:
 - decisions related to sentence planning and management, rehabilitation and reintegration of the offender into the community
 - planning for participation by the offender in programmes, services and activities in the course of his or her sentence.
- The corrections system must ensure the fair treatment of prisoners, and offenders who are the subject of community-based sentences, released on home detention, or released on conditions under the Parole Act 2002 or the Sentencing Act 2002, by:

¹ The purpose and principles of the corrections system are subject to confirmation by the passage of the Corrections Bill, currently before Parliament.

- providing those persons with information about the rules, obligations, and entitlements that affect them
- ensuring that decisions about those persons are taken in a fair and reasonable way and that those persons have access to an effective complaints procedure.
- Sentences and orders must not be administered more restrictively than is necessary to ensure the maintenance of the law and safety of the public, corrections staff, and persons under control or supervision.
- Offenders must, so far as is reasonable and practicable in the circumstances within the resources available, be given access to activities that may contribute to their rehabilitation and reintegration into the community.
- Contact between offenders and their families must be encouraged and supported so far as is reasonable and practicable in the circumstances, and to the extent that this contact is consistent with safety and security requirements.

STRATEGIC DIRECTION

The Department's strategic direction is consistent with both the Key Government Goals and the Justice Sector Outcomes. The Department's strategic direction centres on a primary outcome of Safer Communities supported by the achievement of the two secondary outcomes of Protecting the Public and Reducing Re-offending.



The Department contributes to **Protecting the Public** by:

- providing a safe environment for staff and the public
- managing offenders in a safe, secure and humane manner
- ensuring appropriate compliance with, and administration of, sentences and orders
- providing information to the judiciary to inform the sentencing process and release conditions
- supporting reparation to the community.

The Department contributes to **Reducing Re-offending** by:

changing offending behaviour by providing targeted rehabilitative and reintegrative initiatives. To do this the Department will supply:

- a risk and needs assessment for offenders to determine how best to address offending behaviour
- programmes to encourage offenders to address their offender behaviour

- programmes to address offenders' offence-related needs
- education
- training
- work experience
- assistance with accessing community services so that offenders can be successfully integrated back into society

and thereby provide offenders with the opportunity to positively participate in society.

The relationship between the Department's strategic direction, the Justice Sector Outcomes, and the Key Government Goals is shown in the following diagram.



Environmental Context

DEMOGRAPHIC TRENDS

New Zealand's population is expected to steadily increase over the coming decades, rising to just over 4.5 million by 2021. The population will also get steadily older with the median age increasing from 35 to 40 by 2021. These changes will not be uniform and will vary from region to region and across different ethnic groups with:

- 88 percent of all population growth occurring in the four northernmost regions (Northland, Auckland, Waikato and Bay of Plenty)
- Māori and Pacific peoples' population growth rates being significantly higher than most of the rest of the population
- Māori and Pacific peoples' population getting steadily older, with the median age for both still being significantly less than for the rest of the population.

SENTENCING TRENDS

New Zealand has a higher rate of imprisonment per 100,000 of population than other comparable countries as can be seen from the following table.

Table 1: Imprisonment per 100,000 population (2001/02)				
New Zealand	Canada	Australia	England/Wales	Scotland
149	116	110	129	122

While the impact of new sentencing legislation has not been fully quantified, it is expected that current rates of imprisonment will continue, if not increase, in the medium term.

RE-OFFENDING AND RE-IMPRISONMENT

There is a strong connection between rates of re-offending and rates of imprisonment.

The census of prison inmates carried out in November 2001 showed that for male sentenced inmates, 20 percent had no previous criminal convictions, 51 percent had at least six convictions and 9 percent had over 20 convictions. The corresponding percentages for female inmates were 35 percent, 39 percent and 8 percent. 60 percent of male and 41 percent of female inmates had served a previous custodial sentence.

For males sentenced to community sentences, 26 percent had no previous criminal convictions, 52 percent had at least six previous convictions and 24 percent had more than 20 previous convictions.

The Department's Recidivism Index quantifies the rate of re-offending over a specified period following an offender's release from a custodial or community-based sentence.

It has been calculated that re-offending by those in the highest-risk group is likely to cost an average of \$500,000 per offender over a five-year follow-up period.

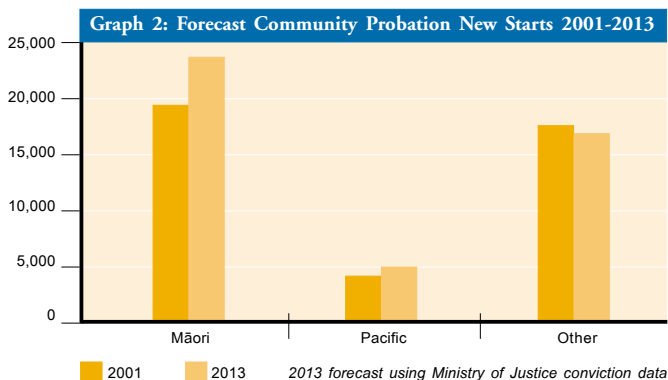
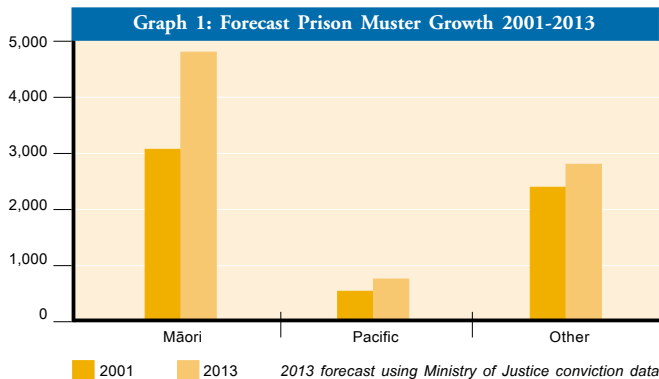
ETHNICITY

Māori and Pacific peoples are disproportionately represented in the criminal justice system and, therefore in the offender groups that the Department manages. This trend is expected to continue as a result of the high proportions of Māori and Pacific peoples in the 15-to-24-year-old age range, which is the group that statistics indicate is most likely to offend.

Over the next decade, the number of offenders of Māori and Pacific peoples' is projected to increase disproportionately in both custodial and community-based sentences.

By 2013, Public Prisons Service musters are forecast to grow by 1,693 for Māori, 332 for Pacific peoples and 426 for other groups.

By 2013, Community Probation Service new starts are forecast to grow by 4,349 for Māori and 1,270 for Pacific peoples but decline by 303 for other groups.



GENDER

The great majority of offenders managed by the Department are male; 95 percent of all prison inmates and 80 percent of those serving community-based sentences are male.

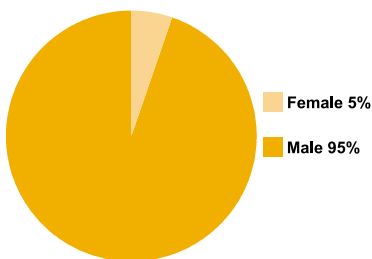
While it is projected that the number of female offenders will increase significantly over the next decade (41 percent more female inmates and 13 percent more females on community-based sentences), the overall ratio between male and female offenders will remain approximately the same.

Any increases in female offending, however, raise particular issues, especially in terms of the facilities and services required, and the impact increased offending may have upon dependant children.

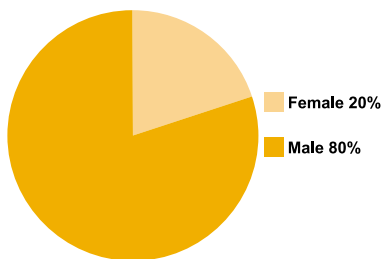
As at 30 June 2003, there were 6,115 inmates being managed in the Public Prisons Service and the Auckland Central Remand Prison. Of that total 320 were female and 5,795 were male. Graph 3 shows the proportion of male and female inmates as at 30 June 2003. As in previous years, the number of male offenders outnumbered female offenders.

Graph 4 shows that for offenders serving a community-based sentence, males also outnumbered females, but to a lesser extent.

**Graph 3: Prison Inmates
by Gender**



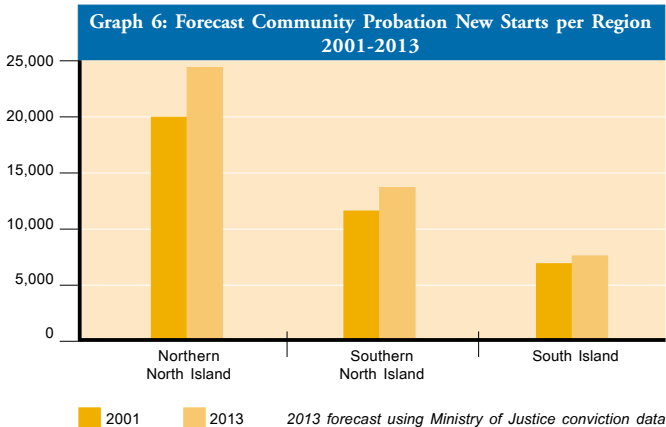
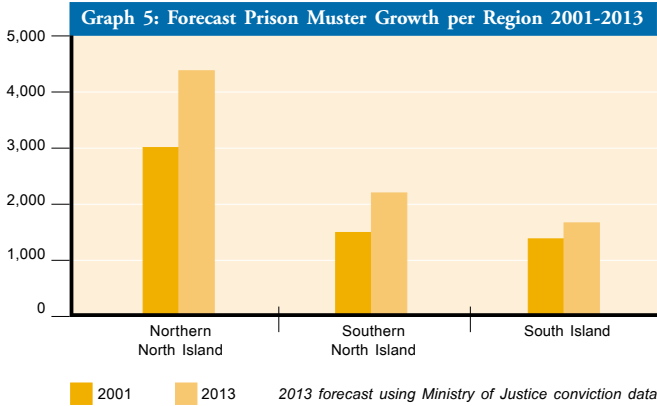
**Graph 4: Community Probation
Offenders by Gender**



REGIONAL TRENDS

Trends in offending by region are expected to reflect overall trends in population growth. This, in turn, will be reflected in regional prison musters and community sentence numbers, with most growth occurring in the northern part of the North Island.

While the impact of the new sentencing legislation has not been fully quantified it is expected that by 2013, Public Prisons Service musters are forecast to grow by 2,071 in the North Island and 379 in the South Island. By 2013, Community Probation Service new starts are forecast to grow by 4,999 in the North Island and 316 in the South Island.



YOUNG OFFENDERS

The age at which offenders first enter the justice system is significant. The census of prison inmates conducted in 2001 showed that 62 percent of male and 53 percent of female inmates received their first conviction between the ages of 14 and 19 years.

An analysis carried out in November 2001 of offenders on community-based sentences showed 58 percent of male offenders and 36 percent of female offenders had their first conviction when aged 19 years or younger, and nearly half the offenders were younger than 30 years old.

Offender forecasts show increases of 62 percent by the year 2013 for prison inmates aged 15-24 years, and a 23 percent increase for offenders in the same age group starting a community-based sentence.

Studies have shown that during a lifetime of offending the average chronic offender will cost taxpayers and victims more than \$3 million, while the most chronic and serious adult offenders will cost more than \$5 million. Consequently, successful rehabilitation of high-risk, young offenders, which "shuts down" a lifetime of offending, has the potential to return greater social and fiscal benefits than any other area of investment in rehabilitation.

DRUGS AND ALCOHOL

The negative effects of drugs and alcohol have been shown to be closely related to crime and are proven to be a significant factor in further re-offending.

For many offenders, abuse of drugs and/or alcohol is a significant factor in the sequence of events leading to the commission of an offence. Assessments undertaken by the Department have revealed that the use of alcohol and drugs was a significant factor in the offending of 73 percent of inmates sentenced to prison, and 61 percent of offenders serving community-based sentences.

VIOLENCE

There was a 55 percent growth in the number of convictions for violent offences between 1991 and 2001. Violence is now the second most prevalent offence of reconviction and re-imprisonment (behind property offences) and an increasing cause of public concern.

The 2001 census of prison inmates showed that:

- 62 percent of male sentenced inmates and 46 percent of female sentenced inmates were in prison for violent offences
- robbery, grievous assault and homicide were the most common type of violent offences committed
- 36 percent of male offenders and 11 percent of female offenders sentenced for a violent offence had been previously convicted of a violent offence.

An analysis in 2001 of offenders on community-based sentences showed that 24 percent of male offenders and 15 percent of female offenders had been previously convicted of a violent offence.

Progress since 1995

INTRODUCTION

In 1995, the Department of Corrections inherited an organisation lacking effective processes, systems, sufficient management capability and adequate infrastructure. The Department was therefore immediately faced with the need to address basic infrastructure and capability defects and cope with projected increases in offender numbers.

Through a continued focus on addressing issues related to organisational development and operational delivery of its core business, the Department has made significant progress. There has also been a strong emphasis on developing new ways to increase our effectiveness in reducing re-offending.

With the immediate priority on addressing basic defects the Department also identified a need to establish a framework for the longer-term achievements expected of the corrections system by the Government and the people of New Zealand.

Since 1995, the Department has passed through a sustained period of change. Some key areas of change have included:

- development and implementation of a new integrated way of managing offenders through the corrections system. This has impacted on all parts of the Department and has fundamentally changed the way the Department undertakes its core business, allowing it to make a stronger contribution towards reducing re-offending
- development and implementation of an integrated offender management computer system and a number of other operational and business systems improvements to ensure the Department is able to operate efficiently and effectively
- addressing of deferred maintenance issues in prisons, provision of more suitable accommodation for the Community Probation Service, and continuation of work to ensure that appropriate facilities exist in time to meet forecast increases in the inmate population
- undertaking initiatives to enhance the overall capability of managers and staff.

A NEW APPROACH TO MANAGING OFFENDERS

Since 1995 the Department has developed and implemented an integrated approach to the way that offenders are managed across all sentence types, lengths and locations.

This integrated approach represents a new way of assessing an offender's risk of re-offending and their particular criminogenic needs. For high-risk offenders it seeks to match needs with interventions that focus on rehabilitation or, for low-risk offenders, reintegration into the community.

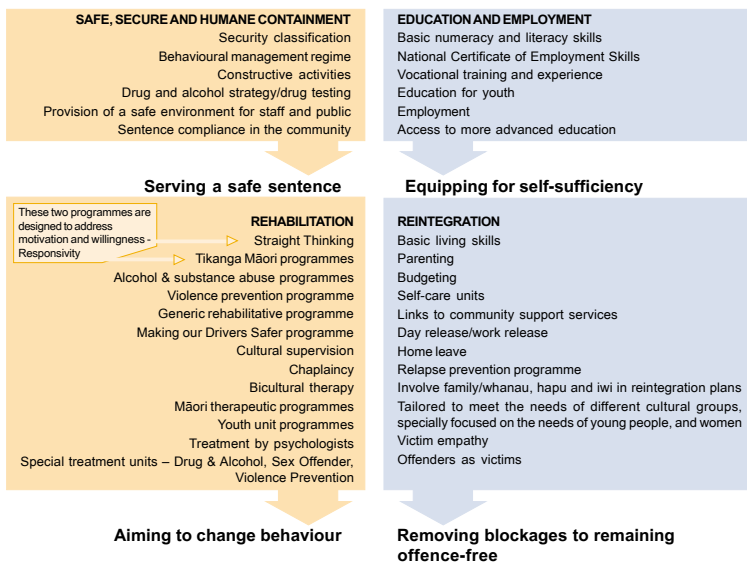
As a first step many offenders may also need some assistance to motivate them to address their offending behaviour. In such cases the initial focus will be on either a cognitive-based programme and/or a tikanga-based programme. Should there be a consequent change in motivation the offender may go on to have interventions targeted at their criminogenic needs as they relate to the cause of their offending.

The process an offender is likely to move through when in the care of the Department is best represented by the following diagram.



The design of the interventions and associated business rules has been based on studies of “what works with offenders” both internationally and over time in New Zealand² and takes into account the New Zealand environment, nature and characteristics of the offending population in this country.

Offenders, depending on their risk status and criminogenic needs, will receive interventions from the range outlined in the following diagram.



² The principles of the psychology of criminal conduct are found in Andrews and Bonta, *The Psychology of Criminal Conduct*, (3rd Edition), 2003. The New Zealand experience is reported in the departmental publications *Let there be Light*, *When the Bough Breaks*, *Montgomery House Evaluation* and *Driving Offender Treatment Programme Evaluation*.

IMPLEMENTATION OF NEW TECHNOLOGY

On establishment, in October 1995, the Department became responsible for its own information technology (IT) resources. A three-month review immediately confirmed that the IT systems inherited by Corrections from the Department of Justice constituted a platform in crisis.

The IT systems were unreliable, contained poor information and provided little support to enhance business capability or capacity. The existing IT systems did not match the then current business needs, and there was no IT direction to align IT systems to future needs. The loss to the business from these failings was significant and the hurdles to addressing them were high. The IT costs at the time were, however, low, although this meant a very small funding base was available for improvements to be made.

The key business information systems typical of large organisations were missing or wholly inadequate. As a result, departmental planning and reporting to management, central agencies and government required major improvement.

The IT environment was lacking strategic direction and there was no alignment of IT systems to business requirements. This prohibited effective capital planning and efficient resourcing based upon long-term cost controls and assurance of spending. While remedial action consumed substantial IT resources in the first 12 months, this period was also significant in producing a clear blueprint for the way forward through the development of an IT strategy and delivery of systems aligned to the Department's strategic objectives and business direction, based on a prioritised list of projects.

The approach to the 1997-2000 Information Technology Strategy was based on business requirements driving the IT deliverables to be implemented using an incremental approach. Given the inadequacies of the inherited systems, the initial business focus was primarily driven by a need to gain efficiencies and effectiveness for current business processes, and to address base requirements. The strategy also detailed an IT investment strategy to provide effective capital planning and long-term cost controls through identification of high-level costs, risks and benefits of IT investment proposals.

Outdated, stand-alone systems were replaced with a modern, integrated technology platform built around new core business systems; these systems became the building blocks for more advanced information management and analytical tools.

Key building blocks were the:

- implementation of a technology platform based on Wide Area Network (WAN), Local Area Networks (LANs), desktop hardware and software, and a voice telecommunications network
- upgrading of the Department's application architecture with new, integrated applications better suited to the Department's specific business requirements, with particular emphasis on an Integrated Offender Management System (IOMS). IOMS replaced existing applications with a system that was fully integrated and supported the management of offenders irrespective of service, location or frequency of contact.

In the 2000-2003 Information Technology Strategy, the focus moved to enhancing the building block projects from the first strategy; better aligning business systems with future business and strategic requirements; maximising the use and management of information; increasing the skill levels of staff in the IT area; and integrating systems information between systems and from trusted external sources.

There was also a focus on bedding down the current systems and consolidating the gains that had been achieved through the implementation of new technology.

A primary target during the 2000-2003 period was to enhance IOMS to enable and support the new business processes arising from the development and implementation of the Department's new approach to offender management, and to enhance IOMS to enable and support the Department's approach to offender management and efforts to reduce re-offending.

This management approach integrates induction, assessment, offender management and reintegrative services into a single, seamless process for each offender – regardless of sentence type or service provider.

During this period, IOMS was also modified as a result of the introduction of the Sentencing, Parole and Victims' Rights Acts in 2002. The new legislation required significant changes to business processes across the Department within a very short time-frame and generated a significant workload for IT. It also resulted in some improvements to IOMS already planned being delayed until the new legislative requirements were implemented.

Information Technology Systems in Corrections in 2003

As a result of the successful execution of the strategies outlined above, Corrections has developed an IT environment that supports the Department's business processes and objectives. Features of the environment include:

- a nationwide computer system utilising LAN/WAN and thin client technology based on 100+ servers. This provides users with access to office and application systems delivered through 3,700 desktop workstations located from Invercargill to Kaitiaki
- a portfolio of application systems covering:
 - offender management (IOMS)
 - financial and management information (SAP Financial Management System)
 - property management (TMA)
 - human resources and payroll management systems (Leader as at 2003, SAP HR/Payroll is being implemented)
 - internet/intranet
- a telephone system that provides desk-to-desk dialling from over 3,500 phones located throughout the country. The system is managed by Telecom, under a facilities management and corporate discount contract, which ensures performance, manageability and cost control.

The Department is now moving from a period of rapid IT development to one of consolidation, continuous improvement and incremental cost-effective change.

FACILITIES AND INFRASTRUCTURE

The Department's physical infrastructure, and the management systems required to operate it, have been significantly overhauled in the past eight years. This has occurred at a time when the prison population has grown rapidly, necessitating considerable new prison construction. It is also the result of a more policy-driven approach being adopted regarding the location and design of correctional facilities, and the Government's approval of a regional prisons policy.

Features of this approach include decisions on: the optimal size of prison facilities; placement of the majority of inmates within two hours of their family/whanau and support networks; and location of prisons as close as practicable to urban centres (for resourcing) but away from intensive residential housing.

The Department is also moving to align facilities with the needs of different groups of inmates and is taking advantage of improvements in facility design to improve offender management.

In recent years, the Department has made substantial progress in its facilities and infrastructure development. This includes:

- co-locating all Community Probation Service properties to improve offender management
- opening Auckland Central Remand Prison (ACRP) in 2000, housing 299 male inmates
- beginning a 10-year, \$500 million project to provide 1,220 new male prison beds in Northland, Spring Hill and Otago, and a new 150-bed women's facility in Auckland
- constructing over 1,500 new prison cells to cater for increases in the prison population since 1995
- introducing specialist facilities such as youth units, treatment units, Māori focus units, safe cells and self-care units
- upgrading security at all sites
- making significant inroads into deferred maintenance problems in prisons, including the closure of some older facilities
- introducing a planned maintenance system
- developing standards for all facilities.

HUMAN RESOURCE MANAGEMENT

When the Department was established in October 1995, it was recognised that investment in human capital had been historically low, and consequently there were gaps in policy, procedures and systems for managing and developing managers and staff. Many of these basic gaps have been addressed and the challenge now is to focus more directly and proactively on ensuring the organisation has the capability to move forward.

The Department's first Human Resource Strategy (from 1996 through to mid 2000) focused on supporting the organisation through its establishment phase with a particular emphasis on putting in place basic policies, procedures and systems.

This was followed from July 2000 by the Department's second Human Resource Strategy that supported a period of ambitious change brought about by the introduction of a new approach to managing offenders, the business processes that gave effect to this, and a suite of strategic initiatives that were designed to support the Department's direction of reducing re-offending.

Achievements throughout the period have included:

- establishing a complete human resources policy and procedure framework
- implementation of a new code of conduct, with a subsequent update

- implementing new remuneration policy linked to performance for managers, head office staff, and Psychological Service
- introduction for managers of 360-degree feedback processes to support training and development planning
- new management structures across all business services and head office
- completion of successive bargaining strategies, which have positioned the Department to implement competency-based remuneration structures for all staff and provided a platform for increased efficiency
- placement of all managers, head office staff and some field specialist staff on individual employment agreements
- implemented a new competency-based career structure and NZQA-linked offender management qualification for corrections officers
- extensive investment in training and development for front-line staff targeted at initiatives to reduce re-offending
- targeted initiatives for identification and development of new managers via a "Future Leaders" programme that has now had four intakes and generated over 200 applications
- investing in maintenance of middle management capability by putting 300 managers through a five-day leadership in action management training programme
- a range of responsiveness initiatives to improve the representation of Māori and Pacific peoples in management
- completion of the first phase of a Māori language strategy, with progress made on staff receiving te reo training, and training on tikanga Māori provided to staff working in the Department's Māori focus units
- completion of the design and development phases of a Professional Ethics project in the Public Prisons Service that aims to create a culture that defines, teaches, recognises and supports professional and ethical standards of behaviour amongst its workforce. Implementation of the project has commenced
- a continued focus on health and safety initiatives to reduce the level of workplace injury and accidents and ensure compliance with Health and Safety legislation. The Department has been awarded "primary" membership of the ACC Partnership Programme
- introduction of a new set of procedures on protected disclosures ahead of implementation of the Protected Disclosures Act 2000, which came into force from 1 January 2001.

The Department has progressed these initiatives over a relatively short time. The focus of its third Human Resources Management Strategy 2003-2008 is on building the organisational culture and capability to consolidate this progress and to move from a period of ambitious change to one of continuous improvement.

Outcome *Measurement*

Measurement of progress made towards the achievement of objectives can be difficult, because outcomes are often influenced by factors beyond an individual agency's control. The Department has, however, developed a set of measures, based on data collected through its offender management processes and similar information obtained from corrections agencies in other countries, which enable comparisons to be made. These measures provide a good starting point for assessing the Department's contribution to its particular outcomes of Protecting the Public and Reducing Re-offending. This will in turn indicate the Department's contribution to the justice sector outcome of Safer Communities and, through this, to the Government's key goals.

Progress towards the outcome of Protecting the Public will, primarily, be measured through analysis of data collected across a range of efficiency and quality measures designed to ensure offenders are being managed in a safe, secure and humane manner. These include:

- ensuring appropriate compliance with, and the administration of, sentences and orders
- the number of escapes that occur from prisons and while under escort or supervision
- the number and severity of incidents, including deaths in custody.

The following graphs show the significant progress that has been made in recent years towards improving the Department's performance in a number of key areas. The information is also presented as international comparisons. The Department uses international benchmarking to compare its performance across a range of commonly used service delivery indicators. To achieve this, close working relationships have been developed with some overseas jurisdictions. Information is exchanged with Australia, Canada, England/Wales and Scotland.

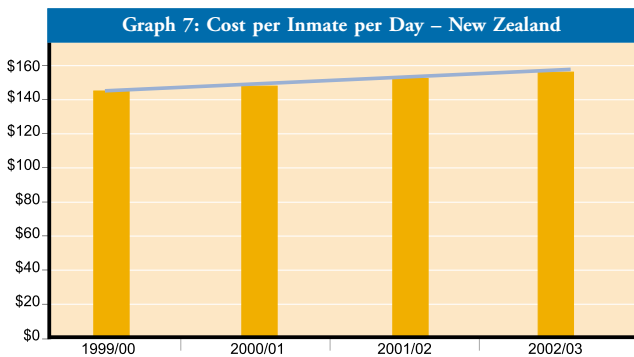
In making these comparisons, the Department makes an assessment of the comparability of the data in question. Where there is high comparability, the jurisdictions have similar business operations, definitions and counting rules, allowing benchmarking with no adjustments. Where there is medium comparability, the jurisdictions have similar business operations, but some minor inconsistencies in definitions and counting, so providing a reasonable benchmark comparison, although one that may require some small adjustments to data and counting. Where there is low comparability, the jurisdictions again have similar operations but different definitions and counting rules, so adjustments would be required before true benchmark comparisons could be made. Such adjustments have not been made to the data reported here, with the exception of the cost per inmate per day.

EFFICIENCY INDICATORS

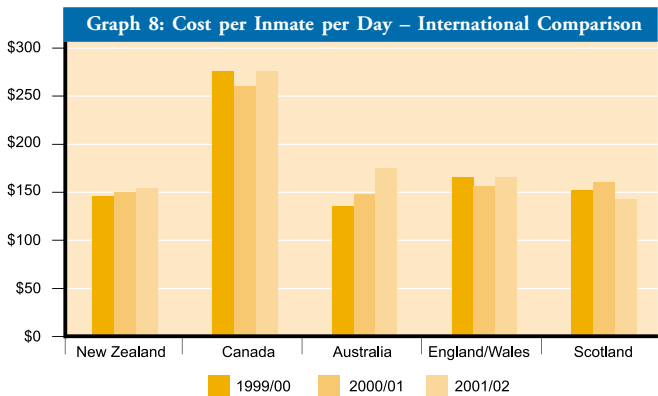
This range of indicators demonstrates the efficient nature of resource management in the Department and in comparison with other benchmarked jurisdictions.

Cost per Inmate per Day

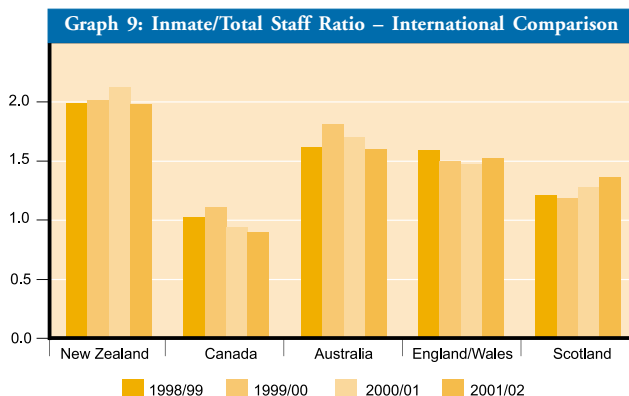
One component in determining the performance of the corrections system is an assessment on the basis of what it costs to secure an inmate.



The graph above shows a slight trend of increasing costs for New Zealand prisons driven mainly by increases in salaries. Efficiency savings have allowed costs to be largely contained, despite more intensive methods of managing offenders and the introduction of a range of new programmes. Comparisons between jurisdictions are shown below, based on the average daily cost per inmate using the Economist Annual Comparison Index. The latest international data demonstrates that New Zealand is receiving good value for the service provided. New Zealand costs are lower than the other jurisdictions benchmarked, with the exception of Scotland.

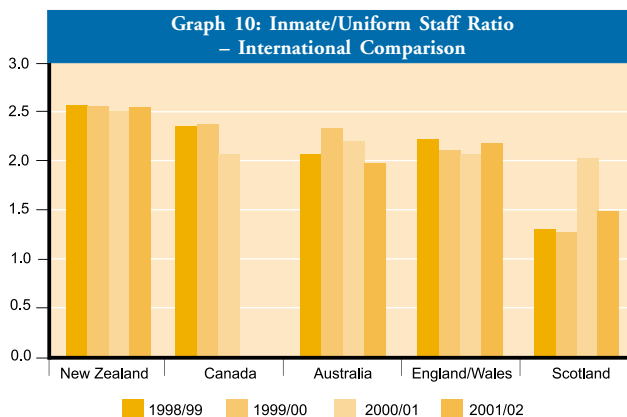


Inmate/Total Staff Ratio



New Zealand's ratio of inmates to total staff exceeds that of the international jurisdictions tested. In New Zealand, there was an average of two inmates to one staff between 1998/99 and 2001/02. Comparability with Canada and Scotland is low; and is medium with Australia and England/Wales.

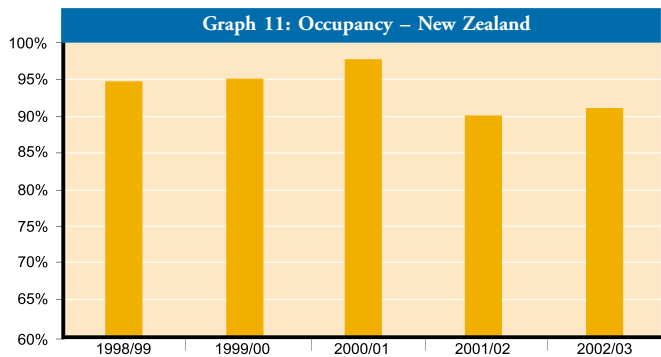
Inmate/Uniform Staff Ratio



NB – Data not available for Canada 2001/02

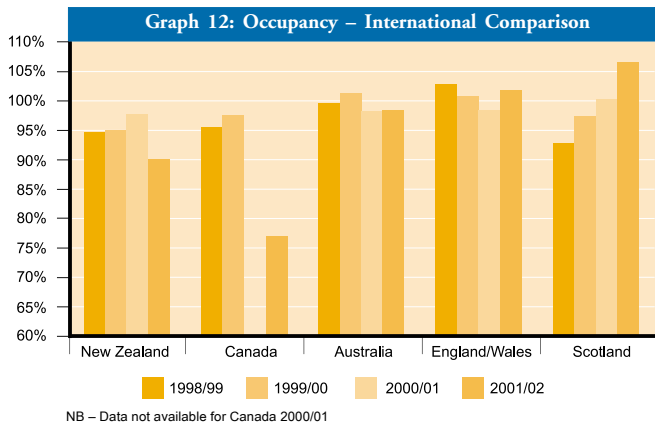
The ratio of inmates to full-time equivalent uniformed staff identifies the level of staff supervision available. This graph compares the ratio of inmates to full-time equivalent staff across jurisdictions. The comparison shows that New Zealand's ratio of inmates to uniform staff has historically exceeded that of other jurisdictions.

Occupancy



This calculation of prison occupancy is based on the number of available (permanent) prison beds and the average prison population for the year. New Zealand's occupancy rate will fluctuate over time, as new prison facilities are developed to cater for the projected increases in inmate numbers. Average occupancy is at a more acceptable level of 91 percent for 2002/03 after having peaked at over 97 percent.

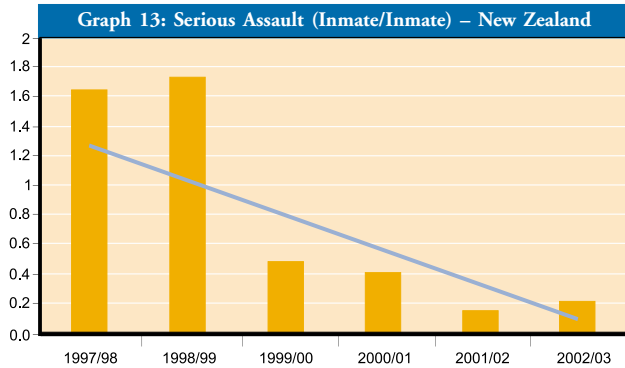
The optimum rate of prison utilisation is considered to be between 85 and 95 percent, to allow for special accommodation, separate security levels and short-term fluctuations. New Zealand's occupancy rate is significantly lower than the occupancy rates achieved in other jurisdictions, as shown below. The comparability of this measure is assessed as being medium to low.



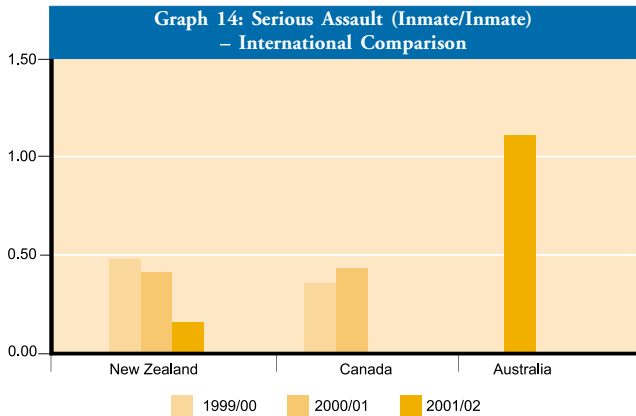
QUALITY INDICATORS

Quality indicators measure prison management and the health and safe containment of inmates. This includes the provision of interventions which address the causes of offending and support successful reintegration into the community.

Inmate/Inmate Assault (Serious)

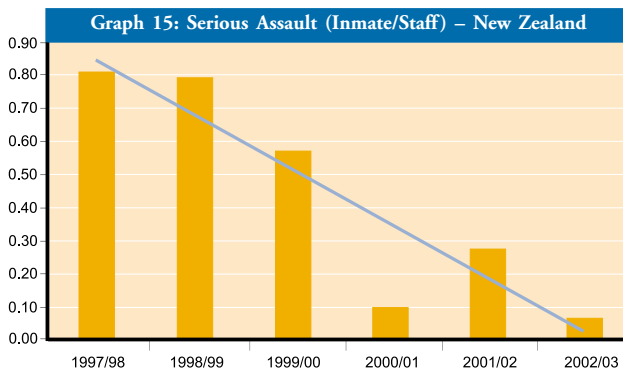


Graph 13 shows the number of serious inmate/inmate assaults per 100 inmates. A serious assault is defined as one where the victim requires overnight hospitalisation or ongoing medical intervention. There has been a steep decline in the number of serious assaults reported in New Zealand prisons. Internationally, as shown below, New Zealand has a rate of serious assaults comparable to Canada but lower than Australia. These comparisons have some limitations due to different counting rules applying in different jurisdictions. Data from England/Wales and Scotland are not presented here due to low comparability.



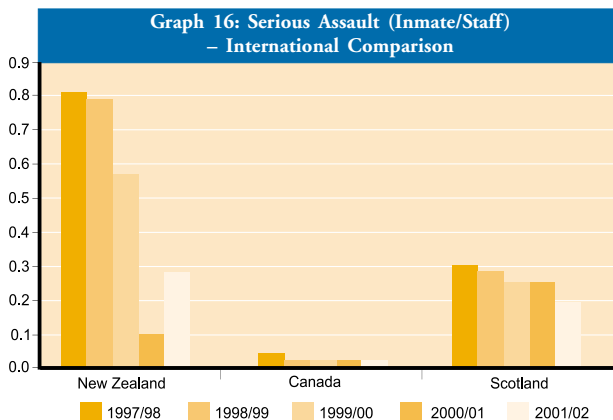
Inmate/Staff Assault (Serious)

Serious assaults by inmates on staff are those where the victim requires overnight hospitalisation or ongoing medical intervention.



The rate of serious assault (Inmate/Staff) is reported per 100 inmates. There were only two serious assaults on staff in 2002/03, and the overall trend has been a decreasing one.

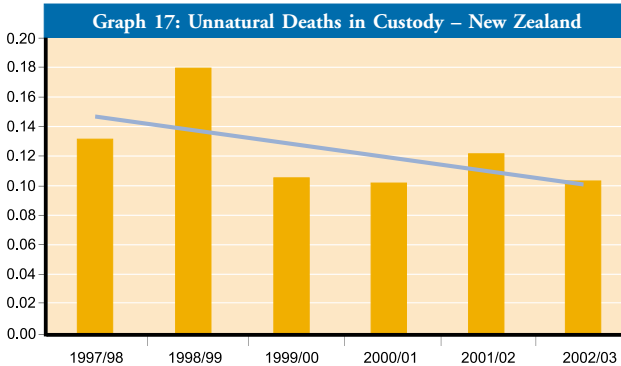
Internationally, New Zealand's low rate of serious inmate/staff assault is consistent with most other jurisdictions, although the comparability of this data is low. Canada, for example, only reports assaults that result in serious bodily harm. Scotland reports serious assaults as those where the victim requires hospitalisation or medical treatment.



DEATHS IN CUSTODY

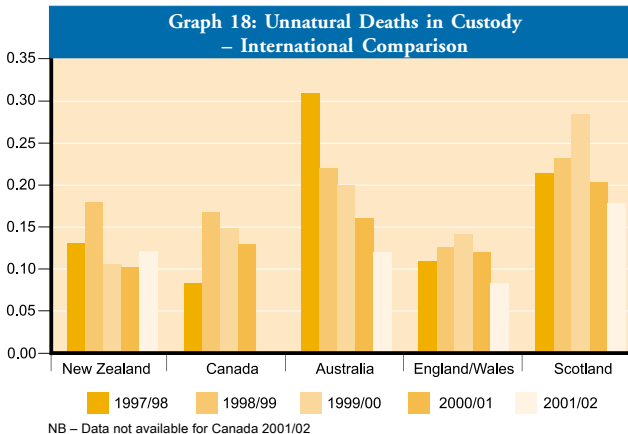
The corrections system has to deal with a high proportion of people with a propensity to self-harm in prison. Deaths in custody are regrettable and are a serious matter subject to independent investigation.

Unnatural Deaths in Custody



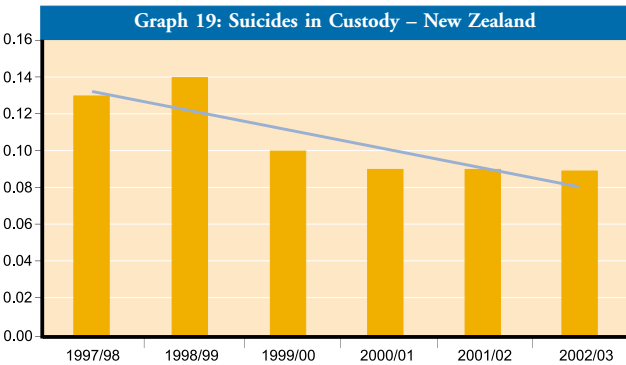
Unnatural deaths, which include suicides, homicides, death by drug overdose and death by accident are reported here per 100 inmates. Recent trends in this area in the New Zealand corrections system remain positive. In the 2002/03 year there were 14 deaths in custody, including five assumed suicides and one assumed homicide. The number of assumed suicides is comparable to past years.

New Zealand's unnatural death rate per 100 inmates is currently less than Scotland and similar to that of Australia. It is higher than that of England/Wales for the first time in two years. Canada did not report unnatural deaths for 2001/02. Comparability with Australia and England/Wales is high, and medium with Canada and Scotland.



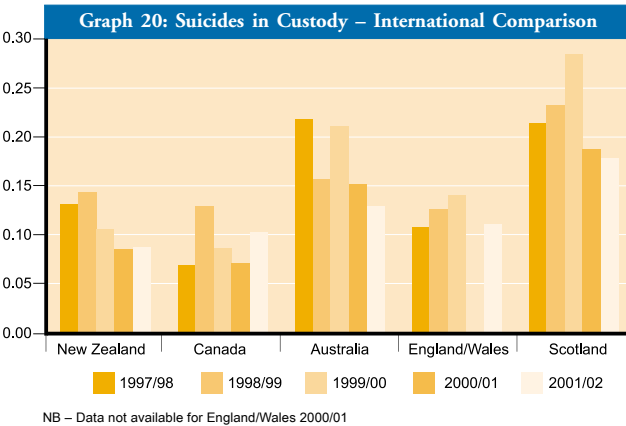
Suicides in Custody

Inmate suicide reduction continues to be a key priority of the Department.



This graph reports the trend in the number of suicides per 100 inmates. Over the last four years the overall rate of suicides has remained relatively low. The Department has robust procedures in place to recognise and manage inmates assessed as being “at risk”.

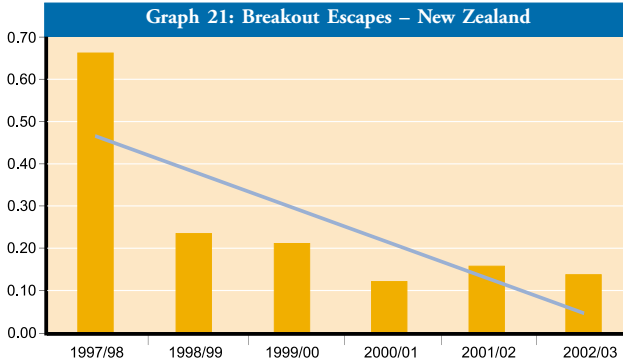
Generally, New Zealand’s rate of suicides in prisons is consistent with other similar jurisdictions such as Canada, Australia and England/Wales. New Zealand’s rate of inmate suicide is approximately half Scotland’s, yet each jurisdiction has similar-sized inmate populations.



ESCAPES FROM PRISON

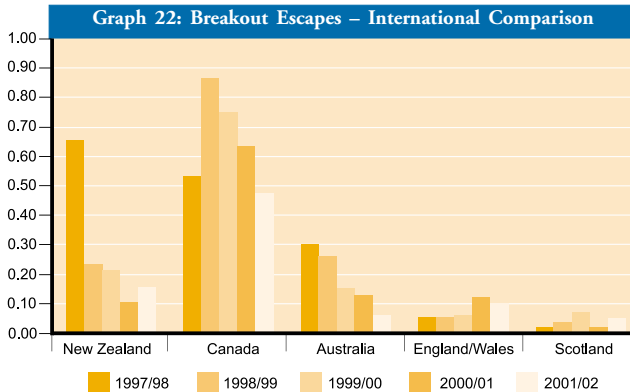
The total number of inmate escapes in New Zealand against all security classifications in 2002/03, there were a total of eight breakout escapes. This compares with nine breakout escapes in 2001/02.

Breakout Escapes from Prison



Graph 21 shows the trend in breakout escapes per 100 inmates. Of the 30 escapes for 2002/03, there were a total of eight breakout escapes. This compares with nine breakout escapes in 2001/02.

New Zealand has a similar rate of breakout escapes to that of England/Wales. Scotland and Australia have broadly similar rates. Canada's rates over the last four years have been more than double New Zealand's. Australia is the only jurisdiction where escape rates have decreased over the last five years. This data is of medium comparability with Canada and Scotland and of low comparability with Australia and England/Wales.



Strategy to Reduce the Use of Drugs and Alcohol in Prisons

During the course of the 2002/03 year, the Department continued its strategy to reduce drug and alcohol use in prisons. The strategy recognises that a large proportion of inmates have drug and alcohol problems. These problems are often a significant factor in their offending behaviour. Drug use in prison perpetuates the dependency problems and the illegal lifestyles of inmates. It also creates problems for their relatives and friends (such as the pressure to supply drugs) and for prison staff in the management and rehabilitation of inmates.

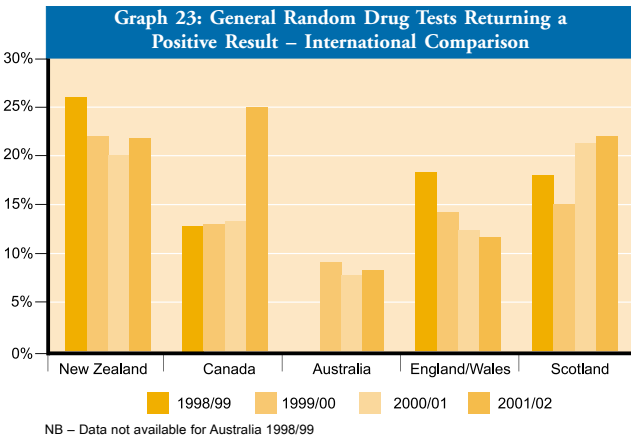
The Department's drug strategy is designed to reduce the demand for drugs, the supply of drugs into prison, and the harm caused by drug abuse. The three main methods to achieve these aims are:

- measures to deter inmates from using drugs (both sanctions and incentives)
- improved detection of drugs
- treatment of those with drug problems.

The strategy is supported by drug testing of inmates and strict detection procedures. Drug detection dogs are regularly used at visitor checkpoints, and for random searches of prison buildings and land. Anyone found bringing drugs into a prison is banned from visiting the prison.

Total positive results for the year ended 30 June 2003 are an improvement on previous years. Full results of random and other drug screening tests are reported on page 98. Of the total positive results to general random drug tests in 2002/03, 95 percent were positive results for cannabinoids, with a further 5 percent positive results for other drugs.

An international comparison of random drug-testing results is shown below. The comparability of drug-testing results between jurisdictions is regarded as low. Although drug-testing practice is similar, there are differences between jurisdictions in the percentages of inmates randomly tested, the treatment of refusals and the length of time inmates must serve before being available for random testing.

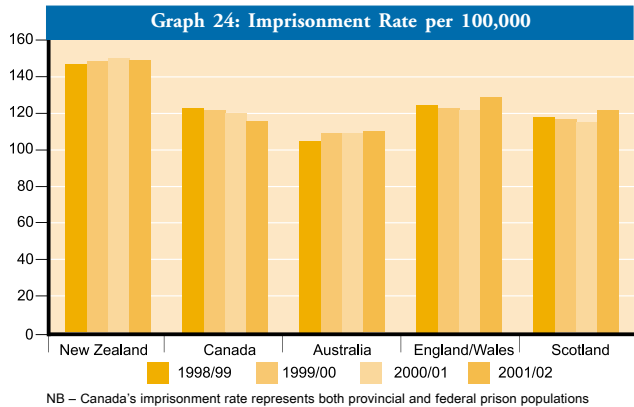


EFFECTIVENESS INDICATORS

These indicators measure the extent to which the Department’s objectives have been met.

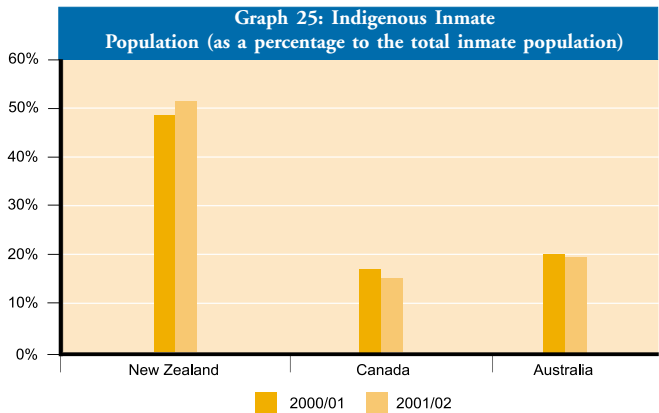
Imprisonment Rate

The imprisonment rate identifies the number of people imprisoned per 100,000 of the national population. This is an indication of the extent to which prison is used as a sentencing option by the judiciary. New Zealand has the highest rate compared with other benchmarked jurisdictions.



Indigenous Inmate Population

Currently New Zealand Māori make up a large percentage of the inmate population. The Department has in place a number of initiatives to improve the wellness and wellbeing of Māori and thereby reduce the incidence of re-offending by Māori. These are outlined on pages 104 to 116 of this report.



MEASURING OUR CONTRIBUTION TOWARDS REDUCING RE-OFFENDING

Progress towards the outcome of Reducing Re-offending is assessed through the use of two measures, the Recidivism Index and the Rehabilitation Quotient.

Recidivism Index

The Recidivism Index (RI) quantifies the rate of re-offending of a specified group of offenders over a defined follow-up period (currently 12 months) following release from a custodial sentence or commencement of a community-based sentence. The RI method is based on internationally used definitions of re-offending applied to sentences/orders administered by the Department of Corrections.

The RI comes in two forms – imprisonment or reconviction to a sentence administered by the Department. Imprisonment gives a good indication of the seriousness of recidivism and costs to the Department, the criminal justice system and society more generally. However, since the majority of reconvictions do not lead to imprisonment, imprisonment statistics provide an incomplete measure of recidivism; reconviction to any sentence administered by the Department is also measured. However, reconviction can sometimes overstate the risks associated with re-offending because many reconvictions are for minor offences.

RI Between Groups

The RI is reported for multiple categories of offenders. In New Zealand there was significant variation in re-offending rates between sentence, offence and demographic groups. The tables provide re-offending rates measured over 12 and 24 months, for the 2000/01 and 2001/02 years.

Notable features for those released from an imprisonment sentence over 12 months follow.

- Males were re-imprisoned at a significantly higher rate than females (11 percent for females and 25 percent for males) and reconviction rates for offenders released from prison were also higher for males (41 percent and 28 percent respectively). Re-imprisonment rates reduce steadily as offenders age, and vary markedly between offence classes (dishonesty offenders having the highest, sex offenders having the lowest).
- Re-imprisonment rates were highest for inmates released from high-medium security classifications (35 percent), but were lower for inmates released from minimum security (20 percent).
- The re-imprisonment and reconviction rates for Pacific peoples (15 percent and 32 percent respectively) and Europeans (21 percent and 36 percent) were lower than those for Māori (27 percent and 44 percent).
- As the sentence length increases, there is a drop off in the rate of re-imprisonment and reconviction. Offenders with sentence lengths between one and two years were re-imprisoned at a significantly higher rate than offenders with a sentence length greater than five years (25 percent and 7 percent respectively).
- As the seriousness of the offence (for which the person has been detained in the corrections system) increases above medium, there is a drop off in the rate of re-imprisonment and reconviction. Medium seriousness score (eg, dishonesty, burglary) offenders were re-imprisoned at a higher rate than offenders with a very high seriousness score (33 percent and 20 percent respectively).

Offenders on community-based sentences had significantly lower imprisonment and reconviction rates than offenders released from prison. The reconviction rate for those who served a periodic detention sentence (37 percent) was much higher than that of offenders who completed a community service sentence (19 percent).

Significant work (as outlined on page 40 of this report) was required to be undertaken during the year by the Department to implement and 'bed in' in new systems and processes associated with the introduction of the new sentencing reforms, which impacted on the delivery of rehabilitative programmes. This combined with changes to the overall number of offenders serving community-based sentences may affect the Recidivism Index in future years.

The Department's improved methodology means that last years results have been revised as outlined in the following tables.

Table 2: Rates of Reconviction and Re-imprisonment				
Release Period	From Prison		From Community Sentence	
	reconvicted %	re-imprisoned %	reconvicted %	re-imprisoned %
1998/1999	59.0	37.4	47.4	19.6
1999/2000	60.2	37.9	46.7	19.3
2000/2001	55.1	34.6	45.1	18.6

Table 3: Recidivism Index – Offenders released from prison or starting CPS managed sentence any time during March 2002 year (12 months follow-up)³

Category	Group	Post prison release		Post CPS sentence start	
		Re-imprisoned %	Reconvicted %	Imprisoned %	Reconvicted %
All		23.4	39.7	11.8	32.9
Gender	Female	10.7	27.6	4.6	24.0
	Male	24.5	40.8	13.7	35.7
Ethnicity	European	21.1	35.9	10.4	31.9
	Māori	26.7	44.1	14.4	36.7
	Pacific peoples	15.2	32.2	9.0	28.4
	Other (incl. Asian)	16.3	26.1	7.4	25.5
Age at Release	<20 years	41.0	66.0	22.2	54.3
	20-24 years	29.7	49.7	15.7	41.3
	25-29 years	23.8	41.7	12.9	33.5
	30-39 years	20.6	33.8	11.6	29.9
	40+ years	13.0	22.1	6.6	19.7
Offence (Most serious for original sentence)	Dishonesty	37.0	55.3	17.3	42.5
	Property	33.8	48.6	18.3	45.6
	Admin	27.1	49.9	12.8	33.0
	Violence	19.8	37.6	10.9	31.9
	Traffic	17.5	32.2	7.2	25.6
	Drug & Antisocial	13.2	25.8	10.4	30.8
	Sexual	3.8	11.3	5.7	17.1
Community- based Sentence	Supervision			15.2	35.2
	Periodic Detention ⁴			13.6	36.9
	Community programme			11.4	26.0
	Community service			2.8	19.2
Custodial Sentence	Prison	23.1	39.2		
	Corrective training	38.1	69.1		
Inmate Security Classification at Release	Maximum Security	25.0	41.7		
	High-Medium	35.4	51.0		
	Low-Medium	32.2	48.5		
	Minimum	19.8	36.1		
Parole and Home Detention (Does not include all types of releases) Sentence Length	PB - discretionary	2.6	7.9		
	PB - mandatory	9.6	16.5		
	DPB - discretionary	19.3	33.0		
	DPB - mandatory	27.7	44.8		
	Home detention	7.1	21.0		
	<=6 months	26.1	44.8	13.2	36.6
	> 6 months to 1 year	23.0	40.4	9.9	28.5
Offence Seriousness Score	>1 to 2 years	25.0	40.6	16.9	36.2
	>2 to 3 years	25.1	37.6		
	>3 to 5 years	14.1	24.4		
	>5 years	7.2	16.7		
	Low (>0 to 30)	23.7	41.3	10.3	31.7
All – 2000/01	Medium (>30 to 60)	33.2	53.6	19.1	42.8
	High (>60-120)	26.2	41.5	15.9	35.0
	Very high (>120)	19.5	34.5	15.3	35.3
		25.1	43.5	12.9	37.4

³ Offence date used where available, otherwise charge date or sentence commencement date. Offences against justice are excluded for re-imprisonment and reconviction. PPS-managed offenders have release dates between 1 April 2001 and 31 March 2002. CPS-managed offenders included are those who began a community sentence at any time during the same period. A 12-month follow-up was applied to each offender.

⁴ It should be noted that with the introduction of the Sentencing Act 2002 the sentence of periodic detention no longer exists.

Table 4: Recidivism Index – Offenders released from prison or starting CPS managed sentence any time during March 2001 year (24 months follow-up)⁵

Category	Group	Post prison release		Post CPS sentence start	
		Re-imprisoned %	Reconvicted %	Imprisoned %	Reconvicted %
All		34.6	55.1	18.6	45.1
Gender	Female	19.2	41.9	8.8	34.5
	Male	36.0	56.3	21.7	49.3
Ethnicity	European	29.6	47.6	17.9	44.9
	Māori	39.8	62.3	23.3	53.3
	Pacific peoples	27.7	48.9	14.8	40.3
	Other (incl. Asian)	20.3	33.8	8.6	30.4
Age at Release	<20 years	55.3	77.7	30.9	64.9
	20-24 years	42.1	65.1	23.6	53.9
	25-29 years	37.2	59.5	20.1	49.3
	30-39 years	29.3	50.2	18.0	42.4
	40+ years	19.2	31.9	10.9	29.3
Offence (Most serious for original sentence)	Dishonesty	49.7	70.6	24.9	54.1
	Property	37.2	52.6	23.2	54.9
	Admin	37.6	62.4	19.8	44.8
	Violence	32.8	55.2	17.7	44.1
	Traffic	29.2	52.1	13.5	38.0
	Drug & Antisocial	20.9	38.3	16.5	43.5
	Sexual	10.7	17.3	13.3	29.8
Community- based Sentence	Supervision			23.3	49.5
	Periodic Detention ⁶			21.5	49.7
	Community programme			20.3	41.8
	Community service			5.1	27.7
Custodial Sentence	Prison	34.2	54.5		
	Corrective Training	49.8	78.1		
Inmate Security Classification at Release	Maximum Security	37.5	56.3		
	High-Medium	51.1	67.8		
	Low-Medium	45.3	67.6		
	Minimum	30.3	50.4		
Parole and Home Detention (Does not include all types of releases)	PB - discretionary	9.4	15.6		
	PB - mandatory	15.7	28.7		
	DPB - discretionary	31.7	48.5		
	DPB - mandatory	37.0	58.3		
	Home detention	12.1	29.0		
Sentence Length	<=6 months	36.6	60.1	20.9	49.0
	> 6 months to 1 year	35.2	56.7	15.7	40.4
	>1 to 2 years	38.2	56.1	27.6	53.5
	>2 to 3 years	29.7	47.4		
	>3 to 5 years	25.6	41.7		
	>5 years	18.2	29.8		
Offence Seriousness Score	Low (>0 to 30)	32.9	54.8	16.3	42.9
	Medium (>30 to 60)	43.6	64.2	24.4	52.2
	High (>60-120)	38.6	60.4	25.6	52.1
	Very high (>120)	31.6	49.9	24.4	49.3
All – 1999/00		37.9	60.2	19.3	46.7

⁵ Offence date used where available, otherwise charge date or sentence commencement date. Offences against justice are excluded for re-imprisonment and reconviction. PPS-managed offenders have release dates between 1 April 2000 and 31 March 2001. CPS-managed offenders included are those who began a community sentence at any time during the same period. A 24-month follow-up was applied to each offender.

⁶ It should be noted that with the introduction of the Sentencing Act 2002 the sentence of periodic detention no longer exists.

Rehabilitation Quotient

The purpose of the Rehabilitation Quotient is to measure the reduction in reconviction. It involves a comparison between a group receiving an intervention (treatment group) and a similar group that did not receive that intervention (control group).

This is measured by comparing the proportion of programme attendees who were reconvicted 12 months and 24 months after release, or completion of their community based programme, with the proportion of reconvictions in the control group.

In order to measure the Rehabilitation Quotient of a programme, every offender in the group must be carefully matched with one or more other offenders who did not receive rehabilitation so that a valid comparison can be made between the two groups. The two groups are then compared and the difference in subsequent reconviction is used to calculate the Rehabilitation Quotient and provides an indication of the effectiveness of the intervention. Offenders are matched on several factors including age, gender, ethnicity, estimated risk of re-offending, and service group (i.e. Public Prisons Service or Community Probation Service).

To date, significant amounts of variable information needed for matching rehabilitated offenders with their controls has not been available and where data is available, the number of cases is, in some cases, too low for statistical confidence.

Recognising this the Department is continuing work to refine the processes associated with the collection and recording of offender management data and improve analysis methodologies which over time should improve the likelihood that a valid Rehabilitation Quotient measure can be calculated for programmes and interventions.

Specialist treatment programmes such as those for violent offenders and sexual offenders against children require even more data, because offenders who complete the programmes must be matched against an equivalent group of offenders who did not receive rehabilitation and meet all of the criteria above and who committed a similar offence. The Department has not been able to report Rehabilitation Quotients for these programmes, but previous evaluations of these programmes provide confidence that they will have a satisfactorily positive effect.

In the development of its Rehabilitation Quotient outcome measure the Department will consult with other overseas jurisdictions that are working on the development of a Rehabilitation Quotient measure to obtain further information and examples of best practice, which will inform the refinement of our existing methodology.

Key Strategic Achievements *for 2002/03*

The 2002/03 year represented the final year of implementing the initiatives contained in the Department's set of Strategic Business Plans, which outlined the overall direction for the Department during the period from July 2000 to June 2003. These plans focused on the achievement of four major strategic goals. Progress made in 2002/03 towards the achievement of these strategic goals is outlined below.

STRATEGIC GOAL 1: INTEGRATED OFFENDER MANAGEMENT

Recently the Department completed work on the implementation of a new approach to the way that offenders are managed across all sentence types.

This integrated approach represents a new way of assessing an offender's risk of re-offending and their particular criminogenic needs. For high-risk offenders it seeks to match needs with interventions that focus on rehabilitation, while for lower-risk offenders reintegration into the community is the primary focus.

The focus of this Strategic Goal in 2002/03 was on "bedding in" the new policies, procedures and processes associated with this new way of managing offenders. This enabled the Department more effectively to manage offenders and better focus its efforts on addressing offender behaviour, therefore directly contributing towards the achievement of both secondary outcomes, namely Protecting the Public and Reducing Re-offending.

The Department's 2002/03 Statement of Intent outlined the key milestones to be progressed under this strategic goal. These included:

- completion of the roll-out of sentence planning and management processes for all categories of new inmates across all prisons
- commencement of the new sentence planning and management processes for existing inmates
- completion of implementation of reintegrative services across custodial and non-custodial offenders.

Other achievements included the establishment of a pilot programme aimed at reducing youth offending, the implementation of the Sentencing Act 2002 and the Parole Act 2002 and the Victims' Rights Act 2002, supporting the legislative process and implementing the Department's Pacific Strategy.

Reducing Youth Offending Programme

The Reducing Youth Offending pilot programme (previously known as the Day Reporting Centre project) was undertaken in conjunction with Child, Youth and Family. During the year programme specifications were completed and pilot sites established in Auckland and Christchurch; towards the end of the year, service delivery to clients began. The pilot programme is scheduled to continue for a further two financial years.

Sentencing Act 2002 and Parole Act 2002

Implementation of the requirements of the Sentencing Act 2002 and the Parole Act 2002 required changes that were effected in the following key areas:

- provided new sentencing principles for judges to take into account when sentencing offenders
- changed the nature of community-based sentences by abolishing the sentences of community service and periodic detention and replacing them with the sentence of community work
- abolished the sentence of community programme, and added further options for special conditions on supervision
- clarified and enhanced victims' rights
- created a new category of offenders released on conditions
- fundamentally restructured the National Parole Board and District Prisons Boards into the New Zealand Parole Board.

During the year the Department focused on implementing the requirements of the new acts and ensuring associated new procedures and processes were integrated into the "business as usual" work of the Department. This included:

- ensuring that the New Zealand Parole Board became operational on 1 July 2002, including the establishment of administration support services in head office, Auckland and Christchurch.
- ensuring that all National System delegations applying to the Public Prisons Service, Community Probation Service, Psychological Service and the New Zealand Parole Board were reviewed and updated as necessary
- reviewing as part of the 2002/03 Supplementary Estimates process the volumes of each sentence type administered by the Community Probation Service following the introduction of the new acts. The original projections developed by the Ministry of Justice were based, particularly in the case of community work, on a predicted increase in the use of fines, which has not occurred. The revised volumes are outlined in the Department's 2002/03 Statement of Service Performance on pages 84 to 86 of this report.
- reviewing and updating Service operational manuals as appropriate, with the exception of those for the Community Probation Service, which will be reviewed in 2003/04 to take account of the impact of resourcing decisions made for 2002/03 and subsequent years.

New Corrections Legislation

The Department supported the legislative process associated with the development and introduction of the Corrections Bill and the associated Select Committee hearings.

Pacific Strategy

The Department implemented a number of initiatives as outlined in its inaugural Pacific Strategy, which was designed to reduce re-offending by Pacific peoples. These included:

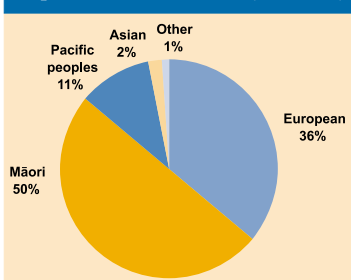
- establishment of the Chief Executive's Pacific Advisory Group, which included the identification of members and the development of agreed terms of reference
- development and implementation of the Fautua Pasefika specified visitors' policy

- ongoing work on the development of a Pacific Framework to ensure effectiveness of programmes for Pacific offenders.

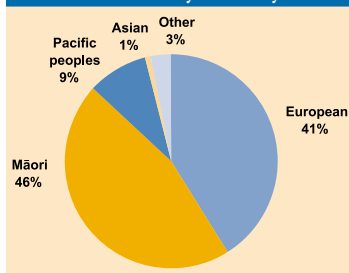
STRATEGIC GOAL 2: REDUCING RE-OFFENDING BY MĀORI

Corrections recognises the importance of addressing the needs of Māori offenders effectively. Māori have continued to be disproportionately represented in the criminal justice system. For example, at 30 June 2003 the ethnic breakdowns of prison inmates and offenders serving community-based sentences were as shown in graphs 26 and 27 below.

Graph 26: Prison Inmates by Ethnicity



Graph 27: Community Probation Offenders by Ethnicity



It is predicted that due to demographic patterns, and assuming no other changes, the number of Māori in the criminal justice system will continue to rise.

REDUCING INEQUALITIES

The following outlines the Department's contribution in 2002/03 towards reducing inequalities and addressing the milestones designed to address issues outlined in the Department's 2001-2003 Treaty of Waitangi Strategic Plan.

Addressing Specific Needs

The Department believes that establishing partnerships begins with the building of relationships with whanau, hapu, iwi and Māori communities. The nature of these relationships will vary to suit each situation but the goal in every case will be to enhance the Department's ability to support Māori aspirations for "wellness and wellbeing" in pursuing our primary outcome of Safer Communities through our contributions to Protecting the Public and Reducing Re-offending.

Recently the Department completed work on the implementation of an integrated approach to the way that offenders are managed across all sentence types, lengths and locations. This approach represents a new way of assessing an offender's risk of re-offending and their particular needs. For higher-risk offenders it seeks to match needs with interventions that focus on rehabilitation or, for lower-risk offenders, reintegration into the community. As a first step many offenders may also need some assistance to motivate them to address their offending behaviour. In such cases the

initial focus will be on either a cognitive-based programme and/or a tikanga-based programme. Should there be a consequent change in motivation the offender may go on to have interventions targeted at their needs as they relate to the cause of their offending.

This may include a programme targeted at a specific identified criminogenic need such as a violence or generic rehabilitative programme. An offender may also receive other interventions based on identified need. Examples of this include cultural supervision, bicultural therapy or attendance at a special treatment unit. Unfortunately, there is no "one size fits all" solution. The best results are when the right person receives the right intervention, in the right situation, at the right time – and gets good support from community, friends and family for maintaining their new behaviours once their sentence has ended and they have to look after themselves.

Milestones to address the specific needs of Māori were set out in the Statement of Intent for the 2002/03 financial year. Achievements included:

- development of a new Māori Strategic Plan, the purpose of which is to align the expectations of Māori communities with the work of the Department
- continuation of the Cultural Supervision Pilot, with implementation completed in the Waikato and Canterbury regions
- piloting of specialist Cultural Assessment with initial implementation completed in the Auckland and Waikato regions
- preparatory work to allow the piloting of a tikanga Māori programme for women offenders
- ongoing management of Māori focus units in five prisons. The units use Māori language and culture to create a change in the understanding, attitudes and behaviours of Māori offenders
- continued work on implementing a Māori Targeting Framework, which includes the provision of tikanga Māori programmes and Māori therapeutic programmes in the Māori focus units
- development of a Whanau Involvement Plan. This plan consists of four principles:
 - whanau to be identified by the offender
 - the inclusion of whanau from the outset
 - a strength-based approach to whanau development and healing
 - the need for offenders and their whanau to have access to responsive and effective services
- continued work towards the development of a policy on working with Māori providers. The Department has continued to identify opportunities to develop and work more effectively with Māori providers within available resources. Various internal stakeholders have been consulted with during the year to identify a range of operational issues that need to be addressed as part of that work. A draft policy on working with Māori providers will be considered by senior management early in the 2003/04 financial year
- continued implementation of the Kaiwhakamana Policy, an initiative to allow Māori inmates greater support by kaumatua. Māori are seeking greater involvement to contribute to the "wellness and wellbeing" of their people and the Kaiwhakamana Policy is one of the ways we are attempting to respond to their requests. Kaumatua with the Department will be known as

kaiwhakamana. They will have the same access to prisons as Ministers of the Crown. Kaiwhakamana are able to:

- advise inmates and whanau about whakapapa and tikanga
- assist inmates to establish contacts with iwi/hapu/whanau
- advise and assist inmates with whanau relationships and business issues
- provide news and information about iwi/hapu/whanau
- provide spiritual support and guidance for their iwi/hapu/whanau members who are in prison
- assist inmates with personal and whanau matters
- help inmates reintegrate with iwi/hapu/whanau
- provide suggestions and feedback to the Minister and the Department on provision of services to Māori
- continued implementation of a Māori Communications Strategy to improve how national and local staff communicate with Māori audiences
- continued operation of the Chief Executive's Māori Advisory Group, which has been established to provide direct advice and feedback to the Chief Executive on Māori issues. Part C of this report summarises the work of this group during the year.

Human Resources Initiatives

Cultural responsiveness initiatives related to reducing inequalities that have been progressed during the year include:

- establishment of regular reporting on the percentage of Māori staff and managers across the Department
- establishment of targets to increase the percentage of Māori and Pacific peoples across the Department. Identified targets by 2010 to increase the percentage of:
 - Māori to 25.5 percent of frontline staff and 13 percent of managers, which will represent 24.8 percent of all employees (as at 31 March 2003, Māori comprised 21.6 percent of employees)
 - Pacific peoples to 8 percent of all employees (as at 31 March 2003, Pacific peoples comprised 5.2 percent of employees)
- scoping work related to reviewing recruitment and selection practices for attracting and appointing Māori staff
- a review of the effectiveness of the Māori Future Leaders programme with minor amendments made where appropriate
- ongoing implementation of Māori scholarship and bursary programmes
- initial work on the review of cultural competencies for frontline staff.

Shared Goals

In pursuing our primary outcome of Safer Communities, through our secondary outcomes of Protecting the Public and Reducing Re-offending, the Department believes it is contributing directly to the achievement of the broader kaupapa statement expressed in the Department's Treaty of Waitangi Strategy of "Kotahi ano te kaupapa; ko te oranga o te iwi": there is only one purpose (to our work); it is the wellness and wellbeing of the people.

Recently the Department completed work on the implementation of an integrated approach to the way that offenders are managed across all sentence types, lengths and locations.

As part of this approach, the Department's aim is to lead to more effective offender management including the reduction of re-offending. In support of the Department's key 2002/03 strategic goal to Reduce Re-offending by Māori, specific focus has been given to assessing and addressing Māori culture-related issues.

This integrated approach to managing offenders identifies the specific needs of Māori, Pacific peoples, women and young offenders. This emphasis is valid in light of the Government's focus on reducing inequalities. Part B of this report includes information on the range of motivational and criminogenic programmes delivered to offenders serving both custodial and non-custodial sentences.

The Department has in place a number of policies relating to the management of women offenders. Those progressed during the 2002/03 financial year included a policy for managing women inmates with dependent children, the development and piloting of a tikanga Māori programme for women offenders and the completion of a framework to enhance the effectiveness of offender management for women offenders, including those on community-based sentences.

The Department has continued to progress the key themes in its disability plan. It has completed development of a set of health and disability service specifications and descriptions for inmates, which will enable it to meet New Zealand and international standards and obligations. Implementation of the revised specifications is subject to receipt of additional funding, although some pre-planning has been commenced.

Consultation and communications processes have been reviewed to incorporate consideration of the needs of people with disabilities and preliminary work has been undertaken to consider ways of increasing the information available on people with disabilities within the corrections system.

While the Department continues to address residual issues related to building compliance as far as its existing facilities are concerned, plans for its new prison facilities have been drawn up to ensure full compliance with disability access requirements.

Pacific Peoples

The Department has in place its first Pacific Strategy, which provides direction for reducing re-offending by Pacific offenders from July 2002 to June 2005.

Initiatives progressed during the year included:

- ongoing work on the development of a Pacific Framework to ensure effectiveness for Pacific offenders, including the Fautua Pasefika initiative which aims to involve community leaders of Pacific descent who can provide advice and guidance to inmates
- the design of a violence prevention programme specifically for Pacific offenders

- the training of the Department's policy staff in the use of the Pacific Analysis Framework, which is a policy tool developed by the Ministry of Pacific Island Affairs
- the establishment of a specified visitors' regime for selected Pacific leaders and role models to visit inmates
- the establishment of Pacific Community Liaison officers in Auckland prisons to provide an enhanced information flow between the prison and the Pacific community
- the establishment of the Chief Executive's Pacific Advisory Group as discussed above.

2002/03 Expenditure on Reducing Inequalities

For the year ended 30 June 2003, the Department delivered a range of outputs to Government for the management and rehabilitation of offenders at an actual operating cost of \$514m.

Of this amount, \$20.5m was specifically targeted to assist with reducing re-offending by Māori. Details were as follows:

- Māori focus units costing \$15.2m, of which \$14.1m was for custody and \$1.1m for programmes
- Bicultural Therapy model costing \$0.4m
- Māori policy work costing \$1.4m
- tikanga Māori programmes costing \$3.3m
- other Māori programmes costing \$0.2m.

The outputs delivered to Government that were not new initiatives specifically targeted at reducing re-offending by Māori cost \$493.5m. Of this amount, \$222.1m was attributable to Māori, as they comprise 45 percent of the offender population. Of this \$39.6m was attributable to Pacific peoples, as they comprise 9 percent of the offender population.

Of the Māori offender population approximately 96 percent are male.

All of the above costs are calculated on a GST-inclusive "fully absorbed" basis in that they include both direct and overhead costs in accordance with the Public Finance Act 1989.

STRATEGIC GOAL 3: RESPONDING TO INCREASED DEMAND

In 2002/03 the Department was part-way through the implementation of an eight-year National Facilities and Services Strategic Plan.

The major aim of this plan was focused on ensuring that appropriate facilities exist in time to meet forecast increases in the inmate muster levels. As part of this goal the Department is implementing the Government's Regional Prisons Policy. This policy is based on evidence that locating inmates as close as possible to their homes is conducive to effective rehabilitation and reintegration.

Progress made in 2002/03 on the Department's new prison developments is summarised below.

- *Northland Region Corrections Facility*

Significant progress was made during the year towards the construction of the new prison. Substantial earthworks were completed, despite local protest activity, and work commenced on the construction of the new prison in March 2003, following the appointment of the main contractor in January 2003.

- *Spring Hill Men's Corrections Facility*

The overall timeframe associated with the development of tender documentation for this facility was revised to align with decisions from local authorities on resource consent. The local authorities subsequently recommended granting the resource consent and accepting the designations subject to conditions, which were accepted by the Minister of Corrections with amendments. The resource consent and designation have been appealed. At this stage the Department expects a resolution to follow a hearing in the Environment Court in the third quarter of 2003/04.

- *Auckland Region Women's Corrections Facility*

During the final quarter of 2002/03, Cabinet approved funding to enable construction of this new facility. The council hearing for designation was held during the year. The hearing approved the designation; however, this decision has been appealed to the Environment Court.

- *Otago Region Men's Corrections Facility*

Work on the technical reports and planning reports for the proposed site has progressed and will be used to support an application for designation of land. There are, however, several issues related to wastewater and waste discharge to be worked through as part of the resource consent process.

- *Rimutaka Prison*

The Department completed work on the construction and commissioning of 180 new cells at Rimutaka Prison.

STRATEGIC GOAL 4: ENHANCING ORGANISATIONAL CAPABILITY

It is critical that the Department ensures it has the capability to effectively conduct its business now and in the future. Achievement of the other three Strategic Goals are to some extent dependent on an overall focus and improvement in capability.

Initiatives undertaken during the year have included:

- completion of training and development targeted at the implementation of Integrated Offender Management, Sentencing Act 2002, Parole Act 2002, and merging training for these activities into business as usual training plans
- continued work towards the redevelopment of management training provided to first level managers to include new modules on health and safety and responsiveness, and an increased focus on the skills and knowledge needed to be a manager in the Corrections environment
- ongoing provision of Career Development Workshops for managers
- continued operation of the Future Leaders programme, which aims to identify and develop staff for future progression in the Department
- redevelopment of the Department's Code of Conduct with implementation occurring early in the 2003/04 year
- in August 2002 Ministerial approval was obtained for the Department of Corrections to undertake an Output Pricing Review. The purpose of the review was to determine with central agencies such as the Treasury and the State Services Commission, the appropriate level of resourcing to sustain the work of the Department. During the year work has continued on this review and it is expected that the outcome of the review will be known in 2003/04
- continued enhancement of the Department's major operating computer system (IOMS) to ensure that it continued to support the Department's operations
- continued implementation of key initiatives from the Department's deferred maintenance plan, which included commencing seismic strengthening work at Christchurch Prisons. Work also commenced on the redevelopment of Waikeria Prison.

Progress made in specific areas follows.

Human Resources Management

The Department continued work on the implementation of the initiatives outlined in its Human Resources Strategy for the three-year period 2000-2003 with a number of initiatives focused on building a platform for improved integration across the Department. These included:

- adjustments to the organisational structure, to establish the most effective management arrangements for the delivery of core operations incorporating:
 - implementation of a revised management structure in head office
 - the grouping of the previously separate Psychological Service and Community Probation Service as Probation and Offender Services

- initial design work towards bringing together key programme delivery activities from the Public Prisons Service and the Community Probation Service to a unit entitled Intervention Services, which will be part of Probation and Offender Services and will be fully operational from 1 July 2004
- implementation of a revised management structure within the Community Probation Service, to improve alignment of national strategy and frontline delivery of service
- the transition of Regional Management Committees from focusing on Integrated Offender Management implementation to focusing on operational issue management and external relationship management, including iwi. These committees combine regional managers across the Department into three geographical committees. Each is supported by cross-service operating groups
- implementation of a national sector-based management structure within Corrections Inmate Employment to enable better focus on the specific economic characteristics of each specialised segment and to improve the financial viability of work-skill development objectives.

Other work progressed included:

- implementation of a new manager remuneration and performance management system, which better aligns the Department with the Government's new policy on remuneration
- development of a new payroll and Human Resources Management Information System, with implementation to occur in the 2003/04 financial year
- a review of the Department's existing Code of Conduct to reflect and incorporate legislative developments and the intent of the recently revised Public Service Code of Conduct
- continued improvement of health and safety management systems, with greater national consistency in processes and systems to support a reduction in accidents and more effective return-to-work programmes.

Information Technology (IT)

The IT activities of the Department were focused on the Information Technology Strategic Plan projects and other major initiatives during the year as reported below.

Information Technology Platform

The Department continued to maintain and upgrade the production platform to ensure that it continued to meet the operational requirements of the Department. This included several releases of the Department's key business system, Integrated Offender Management, which were completed on schedule throughout the year. The Department also completed work on the redevelopment of its external internet website and internal intranet to improve overall functionality and improve usability.

The Department also implemented the first phases of its data warehouse during the financial year. This is now running in production, and has the ability to be accessed nationwide.

Justice Sector Interfacing

The Department has continued to be involved in justice sector initiatives relating to data exchange on a secure network service across the sector and to interfaces between the Department's Integrated Offender Management System and the Police computer system, as part of the work related to sentence reform.

Corrections will continue to access data from the other justice sector agencies via the Law Enforcement System until the new interfaces with Courts and Police systems are complete.

The Department has also been involved in the development of a new justice sector information strategy and will be working with other justice sector agencies on its implementation.

E-government

During the year the Department continued to participate in the e-government initiative led by the State Services Commission. The Department has fully supported the e-government standards that have been promulgated by the E-Government Unit. In the development of its external website and internal intranet, it has ensured that the requested standards are met and has managed its vendors to achieve this.

PART B: *Financial Summary*

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Statement of RESPONSIBILITY

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

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

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

Signed



Mark Byers
Chief Executive

Dated 26 September 2003

Countersigned



Richard Morris
Chief Financial Officer



Report of the **AUDITOR GENERAL**

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

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

RESPONSIBILITIES OF THE CHIEF EXECUTIVE

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

AUDITOR'S RESPONSIBILITIES

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

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

BASIS OF OPINION

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

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

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

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

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

UNQUALIFIED OPINION

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

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

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

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



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

Matters relating to the electronic presentation of the audited financial statements

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

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

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

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

FINANCIAL *Statements*

STATEMENT OF ACCOUNTING POLICIES for the year ending 30 June 2003

Reporting Entity

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

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

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

Reporting Period

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

Measurement System

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

Accounting Policies

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

Principles of Consolidation

Interdivisional transactions and internal charges have been eliminated on consolidation.

Budget Figures

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

Revenue

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

Cost Allocation

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

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

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

Debtors and Receivables

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

Operating Leases

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

Property, Plant and Equipment

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

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

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

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

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

Forests

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

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

Depreciation

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

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

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

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

The useful life of buildings is reassessed following any revaluation.

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

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

Inventory

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

Employee Entitlements

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

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

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

Statement of Cash Flows

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

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

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

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

Livestock

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

Investments

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

Foreign Currency

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

Financial Instruments

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

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

Goods and Services Tax (GST)

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

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

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

Taxation

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

Commitments

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

Contingent Liabilities

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

Taxpayers' Funds

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

Changes in Accounting Policies

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

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

STATEMENT OF FINANCIAL PERFORMANCE *for the year ended 30 June 2003*

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

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

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

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

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

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

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2003

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

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

STATEMENT OF COMMITMENTS

as at 30 June 2003

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

Operating leases include lease payments for premises and photocopiers.

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

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

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

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

STATEMENT OF CONTINGENT LIABILITIES

as at 30 June 2003

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

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

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

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

Guarantees and Indemnities:

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

STATEMENT OF UNAPPROPRIATED EXPENDITURE

for the year ended 30 June 2003

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

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

STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS for the year ended 30 June 2003

(FIGURES ARE GST-INCLUSIVE WHERE APPLICABLE)

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

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

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

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

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

STATEMENT OF TRUST MONIES

for the year ended 30 June 2003

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

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

SCHEDULE OF NON-DEPARTMENTAL ASSETS

for the year ended 30 June 2003

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

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

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

Statement of Accounting Policy for Non-Departmental Information

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

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

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

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

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

NOTE 1: OTHER REVENUE

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

NOTE 2: PERSONNEL COSTS

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

NOTE 3: OPERATING COSTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003 (CONTINUED)

NOTE 4: DEPRECIATION

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

NOTE 5: CAPITAL CHARGE

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

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

NOTE 6: TAXPAYERS' FUNDS

Taxpayers' funds comprises two components:

GENERAL FUNDS

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

REVALUATION RESERVE

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

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

NOTE 7: CASH

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

NOTE 8: DEBTORS AND RECEIVABLES

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

NOTE 9: INVESTMENTS

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

NOTE 10: FIXED ASSETS

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

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

NOTE 10: FIXED ASSETS *continued*

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

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

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

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

NOTE 11: CREDITORS AND PAYABLES

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

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

NOTE 12: PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN

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

NOTE 13: EMPLOYEE ENTITLEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003 (CONTINUED)

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

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

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

NOTE 15: FINANCIAL INSTRUMENTS

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

CREDIT RISK

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

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

FAIR VALUE

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

CURRENCY RISK

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

INTEREST RATE RISK

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

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

NOTE 16: CONTINGENCIES

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

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

NOTE 17: RELATED PARTY INFORMATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003 (CONTINUED)

NOTE 18: MAJOR BUDGET VARIATIONS

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

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

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

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

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

NOTE 19: POST BALANCE DATE EVENTS

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

SERVICE PERFORMANCE

OBJECTIVES

Output Performance

<i>Output Class 1:</i> INFORMATION SERVICES	77
<i>Output Class 2:</i> COMMUNITY-BASED SENTENCES AND ORDERS	83
<i>Output Class 3:</i> CUSTODY OF REMAND INMATES	87
<i>Output Class 4:</i> ESCORTS AND CUSTODIAL SUPERVISION	89
<i>Output Class 5:</i> CUSTODIAL SERVICES	91
<i>Output Class 6:</i> INMATE EMPLOYMENT	99
<i>Output Class 7:</i> REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES	103
<i>Output Class 8:</i> SERVICES TO THE NEW ZEALAND PAROLE BOARD	117
<i>Output Class 9:</i> POLICY ADVICE AND DEVELOPMENT	119
<i>Output Class 10:</i> SERVICE PURCHASE AND MONITORING	123

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

OUTPUT CLASS 1: INFORMATION SERVICES

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

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

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

Output 1.1: SENTENCING INFORMATION AND ADVICE TO COURTS

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

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

COMMENT

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

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

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

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

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

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

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

Output 1.3: HOME LEAVE REPORTS

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

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

COMMENT

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

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

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

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

COMMENT

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

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

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

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

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

COMMENT

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

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

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

OUTPUT CLASS 2: COMMUNITY-BASED SENTENCES AND ORDERS

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

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

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

for the year ended 30 June 2003

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

Output 2.1: SUPERVISION

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

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

Output 2.2: COMMUNITY WORK

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

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

COMMENT

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

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

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

Output 2.3: HOME DETENTION ORDERS

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

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

Output 2.4: PAROLE ORDERS

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

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

COMMENT

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

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

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

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

Output 2.5: ORDERS FOR POST-RELEASE CONDITIONS

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

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

COMMENT

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

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

OUTPUT CLASS 3: CUSTODY OF REMAND INMATES

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

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

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

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

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

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

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

Output 3.1: CUSTODY OF REMAND INMATES

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

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

COMMENT

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

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

OUTPUT CLASS 4: ESCORTS AND CUSTODIAL SUPERVISION

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

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

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

Output Class 4.1: ESCORT SERVICES

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

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

COMMENT

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

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

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

Output 4.2: COURTROOM CUSTODIAL SUPERVISION SERVICES

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

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

COMMENT

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

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

OUTPUT CLASS 5: CUSTODIAL SERVICES

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

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

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

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

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

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

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

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

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

Output 5.1: CUSTODIAL SERVICES – MAXIMUM SECURITY MEN

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

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

COMMENT

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

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

Output 5.2: CUSTODIAL SERVICES – MEDIUM SECURITY MEN

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

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

COMMENT

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

Output 5.3: CUSTODIAL SERVICES – MINIMUM SECURITY MEN

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

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

COMMENT

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

Output 5.4: CUSTODIAL SERVICES – WOMEN

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

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

COMMENT

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

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

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

Output 5.5: CUSTODIAL SERVICES – MALE YOUTH

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

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

Output 5.6: DRUG REDUCTION

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

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

COMMENT

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

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

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

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

OUTPUT CLASS 6: INMATE EMPLOYMENT

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

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

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

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

Output 6.1: INMATE EMPLOYMENT – LAND-BASED ACTIVITIES

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

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

COMMENT

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

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

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

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

Output 6.2: INMATE EMPLOYMENT – MANUFACTURING ACTIVITIES

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

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

COMMENT

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

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

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

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

- kitchens
- laundry and cleaning
- asset maintenance.

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

COMMENT

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

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

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

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

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

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

COMMENT

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

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

Output 6.5: VOCATIONAL TRAINING SERVICES

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

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

COMMENT

The short nature of these courses has assisted in achieving a higher than targeted completion rate.

Furthermore, the regularity of classes and consistency of delivery has ensured maximum participation and completion from motivated inmates.

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

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

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

OUTPUT CLASS 7: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

This output class provides:

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

OUTPUT CLASS STATEMENT: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

for the year ended 30 June 2003

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

Output 7.1: REHABILITATIVE PROGRAMMES – RESPONSIVITY/ MOTIVATIONAL

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

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

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

COMMENT

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

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

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

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

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

COMMENT

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

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

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

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

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

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

Output 7.2: REHABILITATIVE PROGRAMMES – CRIMINOGENIC

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

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

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

COMMENT

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

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

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

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

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

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

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

COMMENT

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

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

COMMENT

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

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

COMMENT

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

Output 7.3: REHABILITATIVE PROGRAMMES – OTHER REHABILITATIVE PROGRAMMES AND ACTIVITIES

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

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

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

COMMENT

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

Output 7.4: EDUCATION AND TRAINING

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

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

COMMENT

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

Output 7.5: REINTEGRATIVE SERVICES

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

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

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

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

COMMENT

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

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

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

COMMENT

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

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

COMMENT

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

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

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

Output 7.6: HABILITATION CENTRES AND THE DAY REPORTING CENTRE

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

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

COMMENT

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

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

²⁹ Includes Te Ihi Tu and Salisbury Street.

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

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

COMMENT

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

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

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

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

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

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

Output 7.7: PROVISION OF PSYCHOLOGICAL SERVICES

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

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

Output 7.7: PROVISION OF PSYCHOLOGICAL SERVICES (CONTINUED)

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

COMMENT

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

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

OUTPUT CLASS 8: SERVICES TO THE NEW ZEALAND PAROLE BOARD

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

OUTPUT CLASS STATEMENT: SERVICES TO THE NEW ZEALAND PAROLE BOARD

for the year ended 30 June 2003

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

Output 8.1: SERVICES TO THE NEW ZEALAND PAROLE BOARD

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

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

COMMENT

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

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

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

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

OUTPUT CLASS 9: POLICY ADVICE AND DEVELOPMENT

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

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

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

Output 9.1: POLICY ADVICE AND DEVELOPMENT SERVICES

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

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

Output 9.2: MINISTERIAL SERVICING

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

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

COMMENT

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

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

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

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

Output 9.3: PROVISION OF PSYCHOLOGICAL AND OTHER RESEARCH

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

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

OUTPUT CLASS 10: SERVICE PURCHASE AND MONITORING

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

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

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

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

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

Output 10.1: PURCHASE AND MONITORING OF SERVICE DELIVERY

This output involves the development, management and monitoring of:

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

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

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

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

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

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

Output 10.2: PROVISION OF INSPECTORATE SERVICES

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

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

COMMENT

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

Output 10.3: PROVISION OF NATIONAL SYSTEMS SERVICES

This output involves:

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

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

PART C: *Capability*

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Reporting Towards *the Triple Bottom Line*

INTRODUCTION

The Department of Corrections is to embark upon the process of reporting its activities within the framework of sustainable development reporting – the triple bottom line (TBL). This means that the Department will report in terms of its social, environmental and economic impact.

It is likely to be some years before a full TBL report can be produced. As with any reporting initiative, appropriate targets must be selected, and ways to measure progress towards those targets developed. In the interim, however, this section aims to present some data on the Department's performance in a manner that highlights the TBL aspect.

ALIGNING TBL WITH THE DEPARTMENT'S PURPOSE

The Department exists to effect a social purpose – contributing to the Justice Sector outcome of Safer Communities through its contribution to the two secondary outcomes of Protecting the Public and Reducing Re-offending. TBL reporting is at its most useful when the reporting process is aligned with an organisation's core business. Measurement of effectiveness in the social area therefore will remain the prime measurement of the Department's effectiveness in the wider TBL process.

The Department has already done much work, as part of its focus on outcomes, to select, develop and report against appropriate measures of its effectiveness. These measures, especially the data on the Recidivism Index and the Rehabilitation Quotient, and the range of information that demonstrates the effectiveness of custodial activities, provide a good base for the Department to report on its social impact.

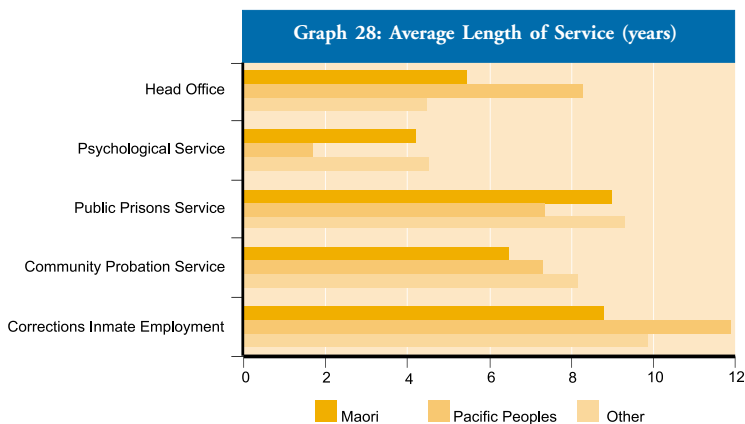
SOCIAL

The Department has been involved in substantial research into the impact of prisons on communities, both economic and social. This information is being used to shape the new prisons and inform management across the country. The continued and strengthened operation of community liaison groups has positively improved perceptions about the prisons within communities. A large number of speaking engagements have been taken up to increase public awareness of what we do and to receive feedback.

At the same time, TBL reporting is about measuring the broader impact of an organisation's operations. In the social area, therefore, there are some internal measures that show a profile of the Department's workforce at 30 June 2003. The following graphs show average length of service, staff turnover, gender and ethnicity for all departmental employees. Future TBL reports should show these measures over successive years, enabling trends to be discerned and commented on.

Length of Service

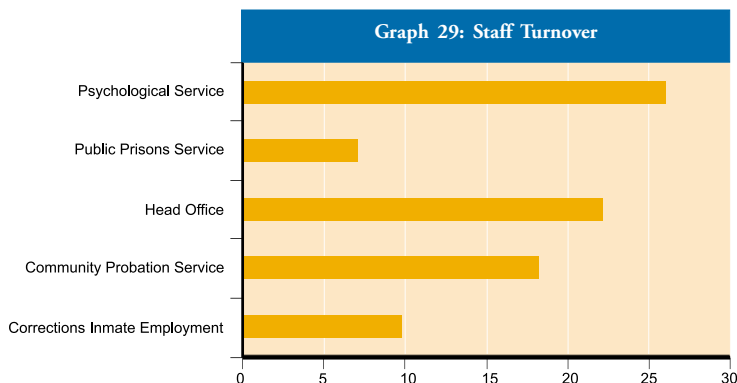
Graph 28 below shows the breakdown of the average length of service of staff by service/head office group and ethnicity.



Staff Turnover

Overall turnover of staff within the Department was 10.74 percent for 2002/03. This was down from 13.46 percent in the previous year.

This graph shows the percentage turnover for each service/head office group.

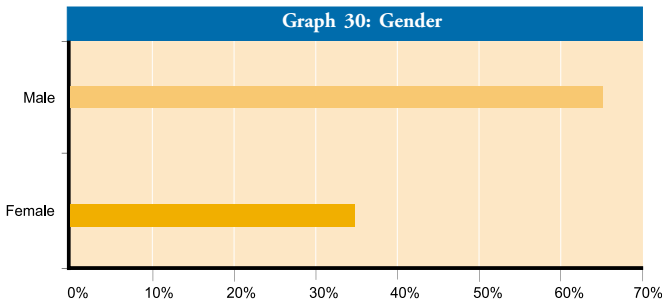


Total Employees by Gender and Ethnicity

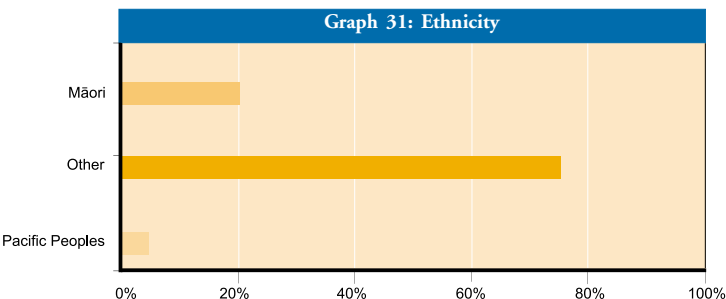
The Department is committed to equal opportunity in all its employment policies and procedures. The Department's policies and procedures enable employees to reach their full potential within the organisation regardless of gender or ethnicity.

Of the 4,362 full-time equivalent (FTE) staff 65 percent are male and 35 percent are female.

Gender



Ethnicity



Apart from these social measures, the Department has some data that will assist in reporting the environmental and economic impact of its operations.

ENVIRONMENTAL

The Department is moving toward measurement of outcomes from its environmental activity. With 3,700 hectares of land, Corrections is responsible for land management as well as for river and stream protection when intensively farming or occupying the adjacent land. Active management of the risks this presents has been rewarded with improved water quality and acknowledged statutory compliance. We are drawing our water supplies from various sources, both direct and municipal, and have made significant progress toward monitoring consumption and quality, allowing conservation methods to be established and monitored.

The Department has audited all prison sites for both legislative compliance and environmental effect. Performance has been assessed against ISO 14001 Standard. This identified a need for stronger planning and review and showed that all our sites require active management to mitigate environmental issues. Progress on these matters has been programmed into the maintenance work on each site.

Measurement of vehicle fleet characteristics has continued, with accident statistics in decline against a rising number of vehicles. Significant progress has been made with fleet modernisation, allowing the gains in fuel efficiency and performance to be realised.

Energy Management

A key solution implemented to drive the above principles is the Department's five-year Energy Management Strategy, approved in December 2002. The document set out a strategy for the management of energy consumption.

Energy Types

The Department uses six sources of energy, measured in units of Kilowatt Hours (kWh) tonnes of carbon dioxide (CO₂) produced, as shown in Table 5. The table displays a comparison of energy use over the past two financial years. On average, the Department uses about 80 million (kWh) per year, enough to power a town the size of Masterton.

Table 5: Energy Use and CO₂ Production

	2002		2003	
	kWh (energy units)	Tonnes of CO ₂ produced	kWh (energy units)	Tonnes of CO ₂ produced
PUBLIC PRISONS				
Electricity	27,820,701	4,174	28,279,758	4,248
Gas	28,629,084	5,440	30,400,662	5,777
Oil	11,993,292	2,998	9,072,000	2,268
Coal	9,686,250	5,198	10,116,750	5,429
Wood (renewable)	2,179,000	0	2,342,500	0
Solar (hot water)	36,612	0	36,612	0
HEAD OFFICE				
Electricity	1,205,940	196	1,246,873	202
PROBATION AND OFFENDER SERVICES OFFICES				
Electricity	3,031,822	489	3,077,021	495
TOTAL	84,582,701	18,495	84,572,176	18,419

	2002		2003	
	kWh / m ² / year	Benchmark	kWh / m ² / year	Benchmark
Head Office (Mayfair House) Energy Consumption	152	200	117	200

The table also shows the improvements made in energy use by the Department's head office between 2001/02 and 2002/03. Although there was an increase in head office electricity use and carbon dioxide production, energy consumption in head office per square metre actually decreased over the same time. This was due to an increase in office size not matched by a similar increase in energy consumption.

An energy efficiency programme to be spread over five years commenced this year, resulting in an 8.8 percent saving in the first six months including a greater return during the national power shortage midway through the 2002/03 financial year. Overall, the Department has reduced its energy consumption and carbon dioxide production, while at the same time commissioning additional facilities.

ECONOMIC

The Department of Corrections is a major government organisation with total output expenses of \$457 million for the year ending 30 June 2003. The comments above about the Department's social purpose should be borne in mind when assessing the likely economic impact of the Department contributing to the Justice Sector outcome of Safer Communities through its contribution to the two secondary outcomes of Protecting the Public and Reducing Re-offending.

Simply by virtue of managing such significant resources, decisions by the Department will also have direct economic impacts, not least through the greater part of the departmental expenditure being on personnel. Decisions on how and where the Department's resources are located, for example, through the Regional Prisons Development Programme (RPDP) or in co-locating other departmental facilities, will have economic impacts on local communities. The RPDP has been a catalyst for examining the economic impact of prisons on communities. Economic impact reports have been prepared in respect of a number of proposed corrections facilities. For example, a study of the proposed Auckland Region Women's Corrections Facility has concluded that the development would bring substantial economic benefits to Manukau City through increased employment, income and business profits, as well as through a broadening of the city's economic base.

THE WAY AHEAD

The information above does not present a complete picture of the Department's social, environmental and economic impact. It does, however, signal the way that the Department is proceeding. Over the next year, more work will be done to develop and refine appropriate measures so the Department can present a fuller TBL report for the 2003/04 Annual Report.

Additional Information

RISK MANAGEMENT

The Department of Corrections recognises that risk management is an integral component of departmental operations. Risk management occurs not as a one-off exercise but as an ongoing requirement of all staff to identify and address risk that may impact on the achievement of the Department's objectives and the delivery of services.

A Risk Management Framework was implemented across the Department as at 30 June 2001. A key objective since then has been to ensure the fundamentals of the framework were firmly incorporated into management practices across the Department.

In August 2002 the Department assessed the implementation of the framework. There was good evidence that the fundamentals of the framework had been incorporated into departmental management practices and that risk matters are generally identified and addressed in a timely manner. Areas identified for refinement to enhance the overall process include a change in how high-level risk is identified, analysed, and reported. The Internal Audit Group will continue to facilitate the risk management process through the delivery of a practical workshop-based approach to risk assessment in the coming year.

Regular reports on the Department's risk profile continue to be provided to the Chief Executive and the General Management Team, and on a six-monthly basis to the Department's Assurance Board.

STATUTORY AND MANAGEMENT BOARD REPORTS

Assurance Board

The purpose of the Assurance Board is to assist the Chief Executive in ensuring that the Department's Risk Management Framework is operating effectively and efficiently.

The Board receives formal reports on the Department's risk management and performance monitoring activities and reviews progress in key risk areas through reports from Internal Audit, the Inspectorate and from departmental management. It maintains professional oversight of the operations of the Department's Internal Audit and Inspectorate functions.

A wide range of matters falls within the Board's mandate. One of its primary areas of focus has been to receive reports providing assurance as to the secure custody and the safe, fair and humane treatment of offenders, along with the maintenance of effective offender management and complaint resolution systems.

Close attention has also been directed at assurance reports monitoring the Department's progress on key strategic initiatives, in particular the:

- implementation of offender management processes
- Regional Prisons Development Project
- continuing enhancement of the Integrated Offender Management System (IOMS) functionality.

The Board acknowledges the amount of progress made in each of these areas and notes there has been positive operational response to matters requiring attention from these reports.

The Board is chaired by the Chief Executive and includes four external members: Gerry Conroy (Partner, PricewaterhouseCoopers); David Henry (Chief Electoral Officer); June McCabe (Director Corporate Affairs, Westpac); Brian Roche (Partner, PricewaterhouseCoopers). Board meetings are bimonthly.

Chief Executive's Māori Advisory Group

The Chief Executive's Māori Advisory Group provides advice and feedback to the Chief Executive on Māori issues. The Group ensures that the Chief Executive is given advice on the strategic, policy and operational issues that affect Māori. Issues concerning the Department and affecting the Māori community are raised with the Chief Executive. The Group also provides feedback from the Māori community in relation to Department activities.

Consultation this year has included:

- Strategic Business Plan
- Māori Strategic Plan
- cultural supervision
- specialist Māori cultural assessment
- policy on guidelines for formalising long-term relationships with Māori through a Memorandum of Partnership
- Whanau Involvement Plan
- tikanga Māori women's programme pilot
- kaupapa Māori framework for the Department
- new regional liaison positions
- Māori Focus Unit Guidelines
- Reducing Youth Offending Programme

The Group is chaired by the Chief Executive and includes six external members: Hori Martin, Haami Piripi, Amster Reedy, June Robinson, Althea Vercoe and Tui Warmenhoven.

The Māori Advisory Group supports the development of initiatives that meet the Department's aim to be more responsive to Māori. Its work contributed to the strategic goal of Reducing Re-offending by Māori.

Inmate Employment Advisory Committee

The Inmate Employment Advisory Committee advises the Chief Executive on:

- the implementation of inmate employment policy
- external and internal operational targets and financial performance
- the identification and management of risk arising from the Department's inmate employment activities.

The Committee's focus over the past year has been on consolidation, following the combination of Corrland (the farming and forestry operations) and Public Prisons Service inmate employment.

This focus included inmate availability and financial performance. It has also included oversight over some structural change to create a sectorial management approach in preference to regional managers. A highlight of the past year has been the development of a concrete pre-cast operation at Auckland to provide cells for the new prisons.

PRIVATE PROVIDERS AND OUTSOURCING

Escort and Courtroom Custodial Services

Chubb New Zealand Limited continued to provide prisoner escort and courtroom custodial services in Northland and Auckland under a contract with the Department, which commenced on 1 October 1998. During the year, Chubb carried out 26,962 prisoner escorts and 7,501 court custody tasks.

Chubb's compliance with the conditions of the contract is assessed and reviewed by the Department's security monitor who is appointed by the Chief Executive under the provisions of the Penal Institutions Act 1954, section 36ZD. The monitor provides the Chief Executive with assurance of compliance through regular reporting, providing recommendations and undertaking actions to matters raised as part of the monitoring process.

Auckland Central Remand Prison

The Auckland Central Remand Prison (ACRP) is managed by the Australasian Correctional Management PTY Limited (ACM). It is the main reception prison for the Northland and Auckland regions.

ACRP houses 277 general population inmates including 22 special needs inmates. It has capacity for up to 360 general inmates if necessary. Within these figures are 32 sentenced inmates, who provide an internal-servicing role in the kitchen, laundry and other areas of the prison. ACRP also provides a range of educational and rehabilitative programmes for its sentenced and remand inmates including: alcohol and drug; violence prevention; modules in the National Certificate in Employment Skills; tikanga Māori; and programmes specifically addressing offending by Pacific peoples. During the year, ACRP maintained a relatively low level of serious incidents, with one suicide, one break-out escape and no serious assaults, while 17 percent of general random drug test returned a positive result. These incidents are included in the statistical information in Part A of this report, as well as in the service performance information contained in Part B.

In terms of section 4G of the Penal Institutions Act 1954, the Chief Executive appoints a Security Monitor at the prison. The Monitor's role is to provide assurance to the Chief Executive of the Department of Corrections that ACM is complying with relevant legislation as well as the terms and conditions of its contract.

Home Detention

Home detention allows eligible offenders to serve their sentences outside prison under electronic and physical surveillance, and under supervision by Probation Officers from the Community Probation Service.

Chubb New Zealand Limited provided services related to the administration of home detention throughout New Zealand under a contract with the Department that commenced in August 1999. Under that contract Chubb New Zealand Limited provides electronic monitoring and manual surveillance services to the Department relating to offenders who are serving a home detention order.

Home detention is now available within one hour's drive of most service centres with a maximum in some areas of up to two hours. During the year 1,575 offenders commenced a home detention order.

External Providers of Programmes for Offenders

The Department contracts with a number of external providers for the provision of rehabilitative, motivational, educational and re-integrative programmes during the 2002/03 financial year. These included:

Public Prisons Service

Rehabilitative

To assist in the rehabilitation of offenders the Public Prisons Service has undertaken external contracts for the delivery of Drug and Alcohol and Māori Therapeutic programmes. Care NZ has been contracted for in-house delivery of Alcohol and Drug programmes at Waikeria and Arohata prisons.

Local Māori providers have been contracted to deliver three therapeutic programmes at each of the five Māori focus units throughout the country. This programme allows for the concentration on specific cultural criminogenic needs for Māori.

Motivational

The Service has contracted with two external providers Mahi Tahī Trust and MH Wananga Trust for the delivery of tikanga programmes throughout the 17 prisons in New Zealand.

Educational

The Service provides educational programmes to assist offenders where it is identified that without further education an offender's employment opportunities and therefore successful release are affected. The main educational programmes are the National Certificate in Employment Skills (NCES), literacy and numeracy, English for Speakers of Other Languages (ESOL) and vocational training.

For the delivery of NCES the Service had one national contractor in 2002/03. However, as part of a contract review process the Department has re-tendered the delivery of NCES. The outcome of this tender is that the Department has contracted with five regional providers for delivery of NCES, for the period 1 July 2003 to 30 June 2006.

For the delivery of literacy and numeracy and ESOL, the delivery of learning material is through a national provider, while offenders are supported through the process by locally contracted tutor's.

For vocational training (computer skills and drivers licences) local providers are contracted for delivery.

Reintegrative Services

The Service has contracted two external providers to supply living, parenting and budgeting skills programmes throughout the 17 prisons.

Providers Contracted by the Department include:

- Mahi Tahi Trust - Tikanga
- MH Wananga Trust - Tikanga
- Carich NZ – NCES 2002/03 Provider + 2003/06 provider
- Workforce Consultants – NCES 2003/06 provider
- Literacy Aotearoa – NCES 2003/06 provider
- Dunedin Methodist Mission – NCES 2003/06 provider
- Southland YMCA Education Ltd – NCES 2003/06 provider
- Correspondence School of NZ – Literacy & Numeracy, ESOL
- Relationship Services - Parenting
- Literacy Training – Living Skills and Budgeting
- Care NZ – Alcohol and Drug

Community Probation Service

The Community Probation Service contracted with a number of providers for the provision of both residential and non-residential programmes during 2002/03.

All community-based tikanga Māori programmes are delivered via contracts with Māori providers. A small number of individuals from Māori community provider organisations have also been trained and contracted to deliver departmental programmes (Straight Thinking and criminogenic programmes).

Non-residential programmes purchased included domestic violence prevention programmes, sex offender treatment programmes, and some alcohol and drug treatment programmes.

The Service continued to contract with three community residential centres for the provision of residential programmes:

- Te Ihi Tu Trust in New Plymouth who deliver a kaupapa Māori programme addressing issues relating to offending on an individual case management basis
- Salisbury Street Foundation in Christchurch, which focuses on men who have a long history of offending and imprisonment
- Montgomery House in Hamilton, which provides programmes for men who repeatedly commit serious violent offences.

In addition, the Service contracted with two providers of reintegrative support services, one in Auckland and one in Christchurch.

LEGAL MANDATE

The Department operates within a strong compliance environment with regulations, contracts and, delegations. Key pieces of legislation are outlined below.

- The Penal Institutions Act 1954 (with the Penal Institutions Regulations 2001) provides the legal framework for the management and operation of prisons and inmates. The 2001 amendment to this Act empowered telephone monitoring within prisons. The Department of Corrections, the Department for Courts and the Ministry of Justice jointly administer this Act.
- The Sentencing Act 2002 (and associated regulations) was implemented on 30 June 2002 and, together with the Parole Act 2002, largely replaces the Criminal Justice Act 1985. Legislation relating to home detention is contained in the Sentencing Act. The Department of Corrections, the Department for Courts and the Ministry of Justice jointly administer this Act.
- The Parole Act 2002 (and associated regulations) was implemented on 30 June 2002 and, together with the Sentencing Act, largely replaces the Criminal Justice Act 1985. The Department of Corrections, the Department for Courts and the Ministry of Justice jointly administer this Act.

PUBLIC REPORTS

The following reports were produced during the year and are available from the Department of Corrections Information Centre.

Strategic Business Plan 2003-2008

The plan identifies four themes to guide the work of the Department over the next five years:

- ensuring effective offender management – by focusing on how the Department can continue to improve operational practices around the effective sentence management of offenders
- improving responsiveness to Māori – by building partnerships that are beneficial to both Māori and the Department. We need to make sure that the Department is effective for Māori both in terms of what we deliver, and how we deliver it
- contributing to reducing re-offending – through the provision of effective rehabilitation and reintegration initiatives that allow offenders to address their offending behaviour
- enhancing capability and capacity – through our people, systems and infrastructure. We need to work with our staff to build capability so that we can be more effective as an organisation.

Māori Strategic Plan 2003-2008 – Te Mahere Rautaki Māori

The plan aims to align the Department's work with the expectations of Māori communities, and to contribute to 'the wellness and wellbeing of the people' by focusing on three key themes of building partnerships with Māori, being effective for Māori and being responsive to Māori.

Let Māori Take the Journey

This document incorporates results from the consultation process followed in the development of the Department's first *Treaty of Waitangi Strategic Plan* and the present *Māori Strategic Plan*. It is an ongoing resource for the Department to use as it works with Māori.

The Pacific Strategy 2002-2005

Provides a framework and focus for the Department's work with Pacific peoples through two main themes – "By Pacific, for Pacific", emphasising the need to work with Pacific communities, and 'More Pacific staff, more Pacific solutions', reflecting the Department's need to develop specialised capacity by recruiting more Pacific staff.

Operational Strategies

Under the set of strategic plans there are four supporting strategies detailing initiatives to be progressed in the specific areas of information technology, facilities and infrastructure, human resources and communications.

Census of Prison Inmates and Home Detainees 2001

The 2001 census of offenders provides statistics on offenders within the prison and community probation systems as at 15 November 2001.

Statement of Intent 2003/04

A statement of corporate intent for the year 2003/04 is required under Section 34A of the Public Finance Act 1989.

Managing Offenders in the Department of Corrections

A general overview of the work of the Department.

New Prisons

Other publications by the Department during the year included a number of technical reports relating to the development of new prisons.

DEPARTMENTAL STRUCTURE

The Department of Corrections was set up on 1 October 1995 following government decisions on the recommendations of the Review of the Department of Justice in 1994.

The core business of the Department of Corrections is the management of custodial and non-custodial sentences and orders imposed by the courts. This includes the administration of sentences of imprisonment, home detention and those sentences or orders undertaken by offenders in the community such as supervision, community work and parole. Corrections also provides information to the judiciary to inform decision-making and provides administrative, financial and secretariat services to the New Zealand Parole Board (as at 1 July 2002).

The Department operates 17 Public Prison institutions and the Auckland Central Remand Prison (which is operated by Australasian Correctional Management), 12 Community Probation areas with staff at 144 locations, eight Psychological Service offices, and head office.

The Department also operates special treatment units, which include:

- two sex offender treatment units
- three drug and alcohol treatment units
- one violent offender treatment unit.

The following units are also operated by the Department within prisons:

- five Māori focus units
- five self-care units
- four youth units.

To coordinate inmate employment initiatives the Department has a dedicated Corrections Inmate Employment function.

The Department comprises six services and groups.

Services

The Public Prisons Service is responsible for the safe, secure, and humane containment of sentenced and remand inmates. Sentenced inmates are those incarcerated following conviction. Remand inmates are those who have been charged with an offence and are being held in custody pending plea, trial, or sentencing. The Service is also responsible for managing the sentence needs of each offender including rehabilitation and reintegration.

Probation and Offender Services incorporates the Community Probation Service, the Psychological Service and the Intervention Services Group.

- *Community Probation Service* (CPS) provides information and reports to judges (to assist them when sentencing offenders) and provides information to prison management and the New Zealand Parole Board. The Service manages community-based sentences and orders including supervision, community work, parole, home detention, and release from prison on conditions. CPS also delivers rehabilitative programmes to offenders, as well as contracting with community providers for rehabilitative and reintegrative community-based programmes for offenders.
- *Psychological Service* provides specialist clinical treatment and assessment advice for offenders, and training and education for departmental staff and community groups. The Service also undertakes a number of approved research projects and is responsible for the integrity of assessments and programmes delivered within the Department. The Psychological Service has service level agreements in place for the provision of clinical services to the Community Probation Service and the Public Prisons Service. The Psychological Service also provides reports to courts and the New Zealand Parole Board.
- *Intervention Services*. The Department is in the process of setting up these services, which will be responsible for the training of Probation Officers and sentence planners in Criminogenic Needs Inventory, and programme facilitators who deliver criminogenic programmes and Straight Thinking across the Department.

Community Probation Service

National, Regional and Area Offices

National

Head Office 9 Wellington

Northern Region

Regional Office 3 Hobson St, Auckland

Taitokerau Area

Area Office 1 Whangarei

Waitemata Area

Area Office 2 Browns Bay, Auckland

Auckland Area

Area Office 3 Hobson St, Auckland

Manukau Area

Area Office 4 Manukau

Southern Region

Regional Office 11 Christchurch

Wellington Area

Area Office 9 Johnsonville

Nelson Marlborough & West Coast Area

Area Office 10 Blenheim

Christchurch Area

Area Office 11 Christchurch

Dunedin/Invercargill Area

Area Office 12 Dunedin

Central Region

Regional Office 5 Hamilton

Hamilton Area

Area Office 5 Hamilton

Waikariki Area

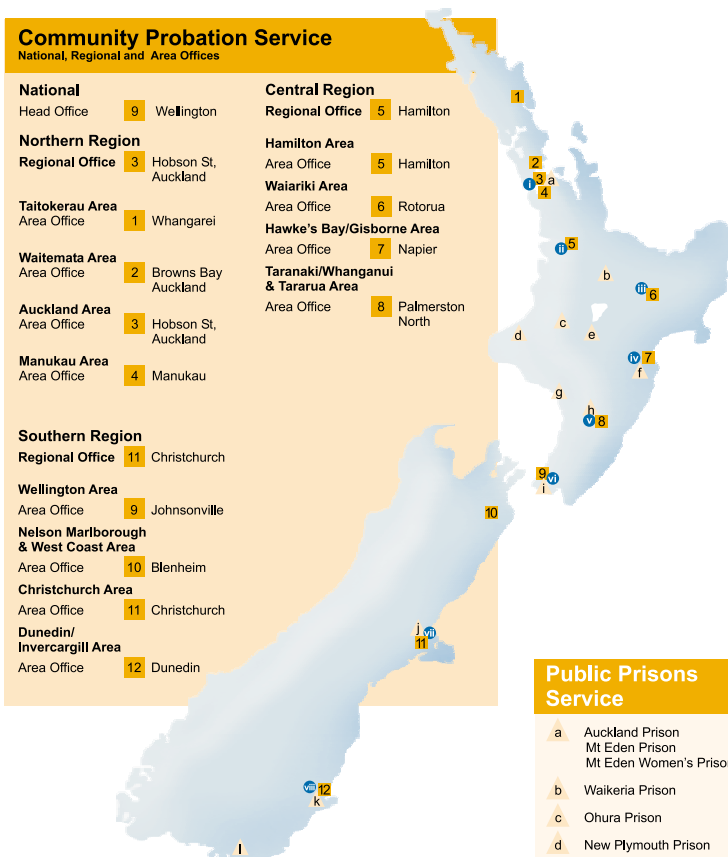
Area Office 6 Rotorua

Hawke's Bay/Gisborne Area

Area Office 7 Napier

Taranaki/Whanganui & Taranui Area

Area Office 8 Palmerston North



Public Prisons Service

- a Auckland Prison
Mt Eden Prison
Mt Eden Women's Prison
- b Waikeria Prison
- c Ohura Prison
- d New Plymouth Prison
- e Tongariro/Rangipo Prison
- f Hawke's Bay
Regional Prison
- g Wanganui Prison
- h Manawatu Prison
- i Wellington Prison
Arohata Prison
Rimutaka Prison
- j Christchurch Prison
Christchurch Women's
Prison
Rolleston Prison
- k Dunedin Prison
- l Invercargill Prison

Psychological Service

- i Auckland Psychological Service/Te Piriti
- ii Hamilton Psychological Service
- iii Rotorua Psychological Service
- iv Hawke's Bay Psychological Service
- v Palmerston North Psychological Service
- vi Wellington Psychological Service/Violence Prevention Unit - Rimutaka Prison
- vii Christchurch Psychological Service/Kia Marama
- viii Dunedin Psychological Service

Groups

Policy Development provides policy advice, strategic and trend analysis, develops effective correctional policy, contributes to legislative reviews and coordinates policy with other government agencies. The group incorporates the Strategic Analysis Unit which provides analysis of forecasts and trends, manages the Department's research and evaluation work programme and calculates the Department's externally reported outcome measures; the Māori and Pacific Policy Unit which provides strategic and operational advice leading to improved outcomes for Māori and Pacific peoples; the Treaty Relationships Unit which assists managers throughout the Department to build and maintain strong and effective relationships with Māori; the Strategic and Legislative Policy Unit which provides advice and input on any legislative development impacting on the Department; and the Operational Policy Unit which is responsible for ongoing development of the Department's key operational business processes.

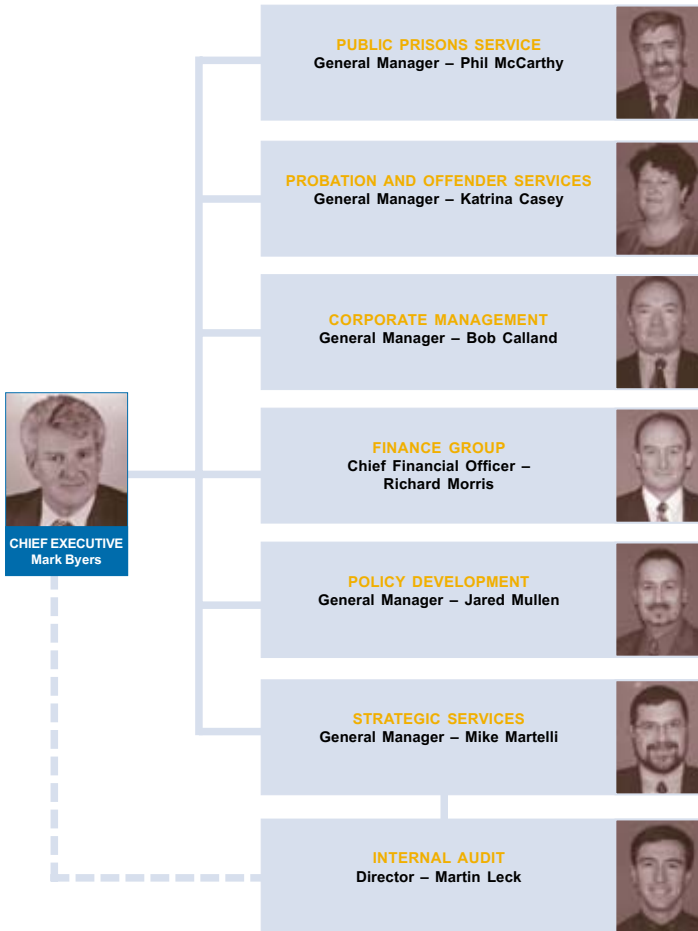
Corporate Management provides a range of services and advice to the Department. The group incorporates Information Technology which is responsible for the development and ongoing maintenance of the Information Technology strategy and business critical applications; Purchase and Monitoring which arranges the purchase and monitoring of corrections services from both internal and external providers, and works internationally with other corrections services to establish benchmarking standards used to assess performance and improve quality standards; the Planning Unit which develops the Department's external accountability documentation and provides support services within head office; and National Systems and Services which provides national systems, service specifications and information and records services. Corporate Management also provides administrative support and training services for the New Zealand Parole Board.

Strategic Services provides specialist advice and services to help run the Department. The group incorporates Strategic Human Resources which is responsible for the development of the Department-wide human resource strategy, policy and procedures; the Communications Unit which is responsible for communications strategy, project support, publications and media management; Internal Audit which provides assurance to the Chief Executive on key statutory accountabilities and the operation of the Department's Risk Management Framework; and the Prison Inspectorate which provides assurance to the Chief Executive on the fair, safe, secure and humane treatment of offenders as well as the maintenance of the integrity of sentences imposed by the courts.

The Finance Group provides a range of financial and property advice and support services to the Department. The group incorporates Corrections Inmate Employment, which manages inmate employment in prisons throughout New Zealand. Inmates work and receive training under the supervision of corrections officers, in areas such as joinery, catering, farming and forestry. The Finance Group also includes the project team charged with the design and construction of four new prisons. Once new prisons sites are available for use, the Regional Prisons Development Project team works towards the design, commissioning and construction of the new prisons. The Assets and Property team act as "landlord" to land and buildings worth over \$600 million. This team also establishes the suitability of available sites on which to build new prisons. Corporate Finance provides the Department with corporate financial services including accounting and payroll. Corporate Finance also manages the budget process and the Department's interface with the Treasury.

The structure of the Department's senior management is shown in the following diagram.

Senior Management *Structure*



INTERAGENCY AGREEMENTS

The Department has in place a number of agreements with other government departments and agencies which aim to assist the Department to achieve its goals. Responsibilities to each other are clearly defined by entering into a mutual agreement. The purpose of the agreement is to create an environment of cooperation to facilitate a sharing of information to provide free-flowing access to the services each department and agency can provide.

The Department currently has in place interagency agreements with the following departments and agencies:

- Department for Courts
- New Zealand Police
- Child, Youth and Family
- Ministry of Health
- Inland Revenue Department
- Ministry of Housing
- Housing New Zealand Corporation
- Ministry of Social Development
- Career Services
- Accident Compensation Corporation

Partnership Agreements

The Department has proceeded to formalise its relationships with Māori through the development of memorandums of partnership. Memorandums have been signed with Ngati Rangi and Iwi Whanui (ACRP), and are being developed with other iwi, mainly centring on the development of the new prison facilities.

INTERSECTORAL COMMITTEES

The Department of Corrections is represented on a large number of local, regional and national intersectoral committees, which have been established to effect one of the Government's key goals, which is to "Reduce Inequalities in Health, Education, Employment and Housing". This goal was introduced to "reduce the inequalities that currently divide our society and offer a good future for all by strengthening the capacity of Māori and Pacific peoples' communities." The purpose of the intersectoral committees is to achieve this goal through cooperation and participation in the wider community.

Committees the Department is represented on around the country include: Strengthening Families, Safer Communities Councils, Victim Support, Violence Prevention Network, Child Welfare Liaison, Restorative Justice Committee, Te Puni Kokiri Intersectoral Committee, Regional Forensic Advisory Committee, Regional Intersectoral Fora, and the Pacific Island Capacity Building Project.

TERMS AND DEFINITIONS

Break-out escape	Escape from a secured prison area that breaches a physical barrier. This definition has been further refined to include an escape where an inmate has breached security measures provided the inmate has physically left the area contained by the outermost perimeter fence, or if there is no such fence, prison buildings, police cell, vehicle or court complex or other place of custodial control, or from an officer escort anywhere.
Community-based sentence	A sentence of community service, community work, periodic detention, supervision, or community programme.
Community service	A sentence where an offender must work for a stipulated number of unpaid hours for the community.
Community work	A community-based sentence which requires offenders to do unpaid work in the community. The sentence of community work is a new sentence combining elements of the community service and periodic detention sentences, which are being phased out in line with the new Sentencing Act 2002.
Criminogenic needs	Features of an offender's personality, lifestyle and social circumstances that have been linked with re-offence risk.
Criminogenic programmes	Programmes that address offenders' criminogenic needs. By addressing these, offenders are less likely to re-offend.
EFS	Economic Farm Surplus.
Final release date	The date on which an offender serving a determinate sentence must be released. Subject to any liability to be recalled, an offender cannot be detained in a penal institution beyond this date.
Home detention	An offender is released from prison to serve their term of imprisonment by way of detention in an approved residence, subject to electronic monitoring. This may include rehabilitative or other programmes.
Habilitation centre	An approved residential centre that operates programmes for offenders designed to identify and address the cause or causes of, or factors contributing to, their offending.
Indeterminate sentence	One that does not have a sentence expiry date, ie, currently, life sentences and preventive detention.
IDU	Identified Drug User.
Integrated Offender Management (IOM)	A coordinated, consistent approach to managing offenders across their sentence. It targets programmes and interventions for offenders most at risk of re-offending, to address the factors that are linked to their offending.

Integrated Offender Management System (IOMS)	The Integrated Offender Management System is the Department's computer system that integrates the management of offenders. Information on individual offenders can be centrally accessed, with no duplication or re-entering of data.
New Zealand Parole Board	The New Zealand Parole Board, established under the Parole Act 2002, determines the release of offenders on parole when the offender is serving a prison term of more than two years. The Board also considers applications for home detention from offenders who are sentenced to a term of imprisonment of less than two years.
Parole	An offender is released by the New Zealand Parole Board from a term of imprisonment and is subject to standard conditions of monitoring by a Probation Officer and may be subject to special conditions of a reintegrative or rehabilitative type.
Parole eligibility date	The date from which an offender can apply to the New Zealand Parole Board for release on parole.
Preventive detention	An indefinite term of at least five years that may be imposed when an offender is convicted for certain sexual or violent offences. The offender must be 18 years of age or over at the time of committing the offence.
Release date	The actual date that an offender is released from a penal institution.
Remand time	The number of days spent on remand in custody before sentencing. These are subtracted from the time to be served.
Sentence commencement date	The date the sentence is imposed.
Serious violent offence	Serious violent offences are defined by section 2 of the Criminal Justice Act 1985 as: manslaughter, attempted murder, unlawful sexual connection, sexual violation, aggravated robbery, robbery and injuring and wounding offences in respect of which a sentence of more than two years was imposed.
Supervision	A community-based sentence requiring regular reporting to a Probation Officer, and may include attendance at an appropriate programme dealing with the cause of offending.
Strategic Business Plan	A document that outlines the Department's strategic direction. The Strategic Business Plan and associated plans set the direction of the Department through to 30 June 2008.