



◆ Annual Report

1 JULY 2007 - 30 JUNE 2008



ANNUAL REPORT

1 July 2007 – 30 June 2008



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



OUR VISION

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

To improve public safety, we will:

Ensure Sentence Compliance
Reduce Re-offending

... and to achieve those priorities we will:

Enhance Capability
Strengthen Partnerships

To succeed overall we must succeed for Māori offenders



OUR KAUPAPA IS

Kotahi ano te kaupapa; ko te oranga o te iwi

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



INTRODUCTION

This annual report informs Parliament and the public about the Department of Corrections and our achievements against the strategic goals, outcomes and key initiatives, outputs and performance measures as outlined in the 2007/08 Statement of Intent.

The annual report is divided into three parts:



Part A describes what we did in 2007/08 to improve public safety. It outlines the outcomes that we aspire to, and what we did and how we performed in contributing to each outcome. It also describes what we have done to strengthen the Department's overall capability.



Part B contains our annual financial statements for the 2007/08 financial year prepared in accordance with the Public Finance Act 1989. It describes what we spent to deliver outputs which contribute to our outcomes.



Part C contains the Statement of Service Performance which reports against the performance measures and standards as set out in the Statement of Intent 2007/08. Through each output class and output, it describes our day-to-day work and how we performed.

CHIEF EXECUTIVE'S OVERVIEW

This year's Annual Report describes what we did in 2007/08 to **improve public safety** by ensuring sentence compliance and reducing re-offending, through capable staff and effective partnerships.

Through improving public safety, we reduce the number of people who are victims of crime in the community.

During the year, we developed our next Strategic Business Plan. This plan reaffirmed our commitment to improving public safety, through our priority outcomes of ensuring sentence compliance and reducing re-offending. It also identified that to succeed overall, it is critical for us to succeed for Māori offenders. Over the next five years, we will work to ensure what we do, and how we work, delivers on our vision.

I am always proud of the commitment that our staff and our partners in the community demonstrate in their work with offenders. Our work helping offenders turn their lives around plays an important part in improving public safety, both today and into the future. Our role in improving public safety is immensely satisfying.

“Our role in improving public safety is immensely satisfying.”

Given the challenges of our work, we have sometimes made mistakes. It is important to learn from these mistakes. The lessons we have learned have resulted in changes which will minimise the chances of them reoccurring.

Over 2007/08 we improved the way we transport and escort prisoners. This included the introduction of waist restraints, the development of better vehicle standards, and important process changes that will make the transportation and escort of prisoners safer.

We also strengthened the way we work with our justice sector partners to share information on offenders in the interests of public safety.

This year has seen us achieve in a wide range of areas.

We managed the most significant change to community-based sentences and orders ever seen in New Zealand. These changes resulted in an increase in the number of community-based offenders we manage, over a more complex and wider range of sentences and orders.

We offered more places on rehabilitation programmes, and expanded the rehabilitation programmes we offer to community-based offenders and prisoners. These programmes help offenders to 'face up' to their offending behaviours and learn new skills to lead offence-free lives in the future.

We increased the proportion of prisoners involved in employment-related activity. Over half of all prisoners were involved in employment-related activity as at 30 June 2008, up from 43 per cent in 2007 and 38 per cent in 2006. This is providing more prisoners with skills that will increase their chances of finding employment on release – a key determinant of whether they re-offend or not. We not only increased the numbers involved in employment-related activity, but we also worked to increase employment opportunities for Māori and young prisoners.

A target of an average of 160 prisoners on Release to Work was achieved at the end of November 2007 and was maintained for the remainder of the year. Up to 185 prisoners at any one time were participating in Release to Work.

We have introduced new ways of preventing crimes being committed or organised from within prisons. We are introducing cell phone detection and jamming equipment across all prisons. We implemented telephone monitoring of prisoners' calls and improved our capability to collect intelligence within prisons on criminal activity.

Drug use in prison continued to decrease in 2007/08 with only 13 per cent of all general random drug tests returning a positive result, significantly down from 34 per cent in 1997/98. This was due to our efforts fighting the importation of contraband into prisons and the expansion of programmes offered to offenders to address drug addiction.

These are just some of the achievements that are outlined in this report. Overall, we made good progress in 2007/08, strengthening the contribution we make to ensuring sentence compliance and reducing re-offending.

We are succeeding in our vision of improving public safety for New Zealand.



Barry Matthews
Chief Executive

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PART A: CONTRIBUTION TO OUTCOMES

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OUR PURPOSE

The Department of Corrections' purpose is to improve public safety. We do this by:

- Ensuring that offenders in the community and in prisons comply with their sentences and orders. This protects the public from offenders who threaten public safety.
- Delivering services to offenders that help them to address the behaviours and circumstances which led to their offending. By doing this, we reduce re-offending and improve public safety over the longer term.

By improving public safety in these ways, we reduce the number of victims of crime in the community, both now and into the future.

WORKING WITH OFFENDERS

Working with offenders is challenging, sometimes dangerous, but immensely rewarding for our staff and partners. Everything our staff do contributes to public safety by ensuring that offenders comply with their sentences and providing opportunities for offenders to address their offending behaviour. In 2007/08, 55,626 offenders commenced a community-based sentence or order. This represents an average of 34,373 sentences and orders being served. In the same year we managed an average of 7,864 prisoners.

Our work with offenders begins with our advice to courts on offenders' needs which assists judges to make effective sentencing decisions.

Once sentenced, we work with offenders to assess their motivations, needs, ability to comply with their sentence and their risk of re-offending. This helps us to decide what action is required to ensure offenders address their offending behaviours.

We work with offenders to turn them away from a path of offending onto a path where they can lead offence-free and productive lives in the community. In this way, we reduce re-offending and improve longer-term public safety.

We provide programmes to offenders to motivate them to 'face up' to their crimes and to identify what needs to change in their lives. We provide rehabilitation programmes so offenders can address behaviours that lead to offending. We help offenders identify their cultural and spiritual needs, and provide services to offenders in settings which recognise these needs. On release, we support offenders to reintegrate back into society.

For prisoners, we provide advice to the New Zealand Parole Board to help them make decisions about when prisoners should be paroled, what conditions should be applied to the parolee, and what support needs to be provided to parolees once in the community. We then provide the support required to the offender, and ensure compliance with conditions (or take appropriate action when the parole conditions are breached).

Throughout this process, we ensure that victims registered on the Victims Notification Register are notified of specific events relating to the offender who committed the crime for which they were a victim.

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

SUCCESSING FOR MĀORI OFFENDERS

The large majority of Māori are succeeding in all aspects of society. However, Māori make up approximately half of the offender population that we manage. To succeed overall, we must succeed for Māori offenders.

Māori culture supports strong, pro-social and offence-free lifestyles. Reconnecting Māori offenders to their culture and providing them with rehabilitation services in culturally appropriate environments support Māori offenders to stand tall in Te Ao Māori (the Māori world) and Te Ao Hurihuri (the general world). This leads to reduced re-offending by Māori offenders. Further information on how we are succeeding with Māori offenders is provided on pages 12 to 17.

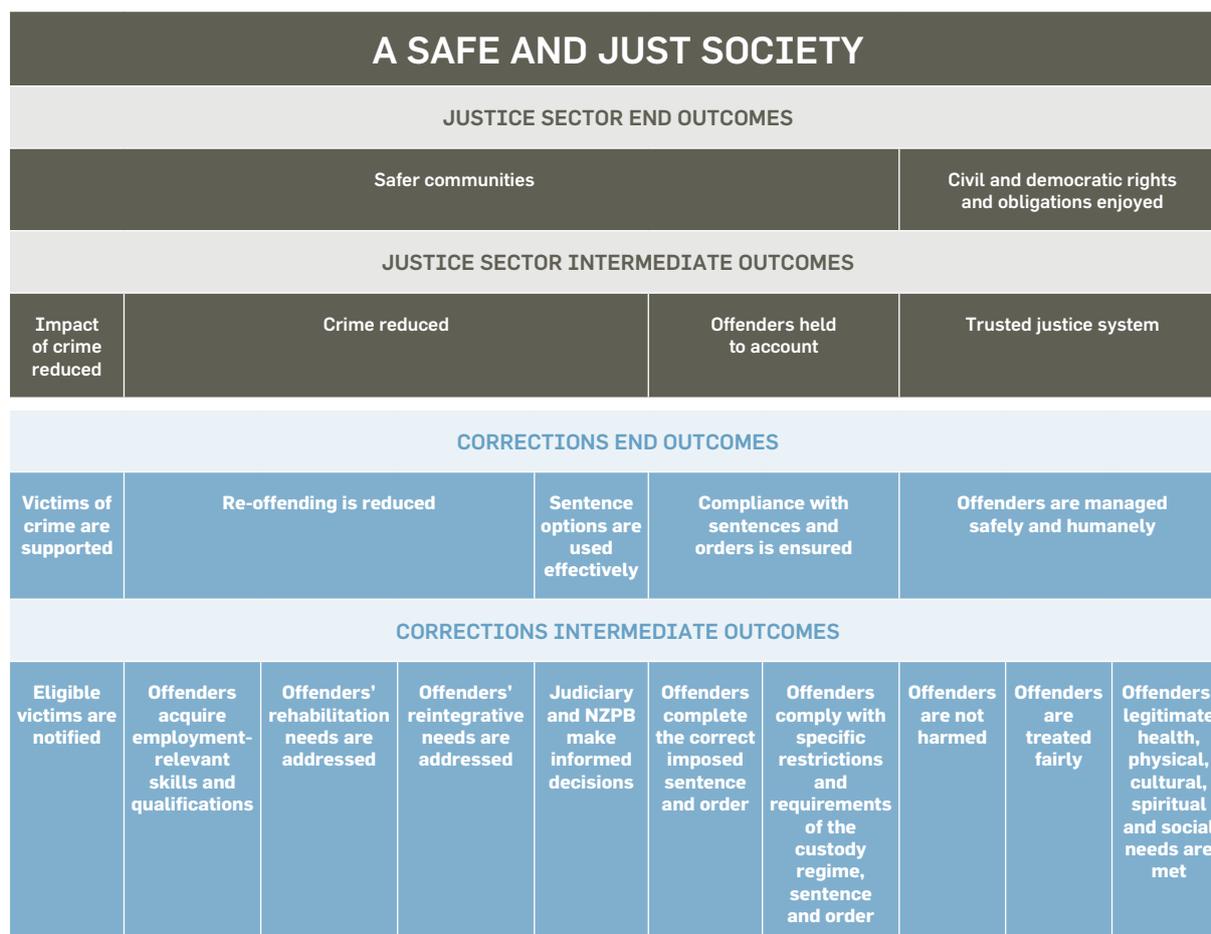
OUTCOMES WE SEEK TO ACHIEVE FOR NEW ZEALAND

We work alongside our justice sector partners (in particular the Ministry of Justice and the New Zealand Police) to deliver a safe and just society for New Zealand. Our specific contribution to this is to:

- ensure offenders comply with sentences and orders
- reduce re-offending
- support victims of crime
- manage offenders safely and humanely
- provide advice so sentence options are used effectively.

The following diagram illustrates how our outcomes link to the outcomes of the justice sector.

DEPARTMENT OF CORRECTIONS AND JUSTICE SECTOR OUTCOMES



OUR OUTCOMES IN DETAIL

Everything we do contributes to our end outcomes, which are designed to improve public safety.

For this reason, we have structured this annual report around our end outcomes.

The following sections outline in detail what we have done to contribute to each of our end outcomes. For each end outcome we explain:

- what the outcome is about
- what success looks like if we achieve the outcome
- the outputs (our day-to-day work) which contribute to the outcome
- ways we have contributed to improving the outcome
- the progress we made in achieving the outcome.

The following outcome sections focus predominantly on the work we did in 2007/08 over and above what we do on a day-to-day basis. An outline of our day-to-day work, and our performance in doing that work, is provided in the Statement of Service Performance on pages 89 to 152.



OUTCOME:

COMPLIANCE WITH SENTENCES AND ORDERS IS ENSURED

Ensuring offenders comply with their sentences and orders improves public safety by protecting the community from the harm caused by offenders continuing their offending behaviours. It also provides an environment in which we can help offenders to address the behaviours and circumstances that led them to commit crime.

SUCCESS IN THIS OUTCOME IS WHEN OFFENDERS:

- complete their sentences
- comply with the restrictions of their sentences
- are positively motivated to comply with their sentences
- experience appropriate consequences when they do not comply
- are treated fairly
- in the case of prisons, are incarcerated in a safe, secure and humane environment.

OUR CONTRIBUTION TO THIS OUTCOME

We group the services we deliver on a day-to-day basis as output classes, which in turn are linked with our outcomes. Output classes that contribute to ensuring compliance with sentences and orders include:

- Output Class 2: Community-based Sentences and Orders.
- Output Class 3: Custody of Remand Prisoners.
- Output Class 4: Escorts and Custodial Supervision.

- Output Class 5: Custodial Services.
- Output Class 8: Services to the New Zealand Parole Board.

Further information on our performance against output class targets and measures for ensuring compliance with sentences and orders is set out in the Statement of Service Performance section, on pages 89 to 152.

WORKING WITH OTHER AGENCIES

As with all outcomes, we work with other agencies to ensure offenders comply with sentences. In particular, during the 2007/08 financial year, we worked closely with:

- the New Zealand Police to share information and cooperate on the management of sentences and orders served in the community. The Department and the New Zealand Police take a coordinated approach to deterring crime in prisons
- the Ministry of Justice to exchange sentencing-related information, provide notifications of hearings, deliver bail documentation and organising Visiting Justice Services to prisons
- the New Zealand Immigration Service branch of the Department of Labour in ensuring compliance with revocation and deportation orders.

IN 2007/08 we improved our contribution to the end outcome of 'Compliance with Sentences and Orders is Ensured' in the following ways:

SIGNIFICANT CHANGES TO COMMUNITY-BASED SENTENCES AND ORDERS

In October 2007, a range of new community-based sentences and orders were introduced as a result of the Effective Interventions package, for further information go to www.justice.govt.nz/effective_interventions/home.asp

The changes provide a wider range of sentencing options for judges to more effectively address the particular needs of individual offenders, including two tiers of non-custodial sentences: Home Detention, and Community Detention and Intensive Supervision.

This means, in many cases, lower risk offenders (as deemed appropriate by a judge) who would have otherwise received a short term of imprisonment may now receive a community-based sentence or order.

These changes have seen the number of community-based sentences and orders increase significantly. On 30 September 2007, before the changes, we managed 31,022 community-based sentences and orders. As at 30 June 2008, this had grown to 38,806.

“In October 2007, a range of new community-based sentences and orders were introduced as a result of the Effective Interventions...”

Not only have the numbers of community-based sentences grown, but also the complexity of managing a greater range of sentences and orders has increased significantly. This has put strain on the capacity of our Community Probation and Psychological Services which has had to be managed whilst the changes were implemented.

Leading up to the implementation of the new sentences and orders, we published new operational policies and procedures to support the changes. We recruited and trained additional staff to meet the increase in demand and arranged for them to receive the resources needed to do their work well. Alongside this, we continued to manage the increased number of community-based offenders.

The challenges as a result of these changes will continue to strain our capacity in the foreseeable future. We have significant numbers of new staff who will require supervision as they gain the experience required to perform at optimal levels. It will take time for the changes to be fully bedded into the organisation.

During this time of change, we have focused on ensuring that our processes are robust, and that we apply the basics of sentence and order compliance reliably and thoroughly. The effective management of offenders, and in turn the safety of the public, is critically dependent on how reliably and comprehensively we apply these processes and systems.

ELECTRONIC MONITORING OF COMMUNITY-BASED OFFENDERS

Electronic monitoring can be a condition imposed at the time of sentencing or decided at post sentencing as the most effective means of managing an offender and their sentence. Voice verification technology (VVT) and global positioning system (GPS) provide further options for sentence management.

We trialled VVT and GPS tracking as methods to electronically monitor community-based offenders' compliance with sentences and orders. VVT recognises an offender's voice over the phone and can be used to confirm an offender's location at a given time to enforce restrictions such as curfews. GPS can record the whereabouts of offenders at any point in time. GPS tracking is now available on an ongoing basis for up to 15 offenders at any one time. Further information on the use of electronic monitoring is provided in Appendix 5 on page 171.

SMARTER WAYS OF DETECTING CONTRABAND IN PRISONS

Stopping access to items such as drugs, alcohol, cell phones and other items that can be used for criminal purposes is an important restriction applied to prisoners. Keeping contraband out of prisons is an ongoing battle for our staff – but one that we are winning.

A key initiative is to increase the number of prisons that have a perimeter fence with a single point of entry and a centralised visiting centre. A single point of entry and centralised visiting centres makes it easier to ensure all of those entering the prison are checked for contraband. 65 per cent of prisons now have a single point of entry, and 50 per cent now have a central visitors centre. This is supported by the continued introduction of metal detectors, x-ray equipment, and vehicle check points.

During 2007/08, we continued to increase the number of drug dogs available from six in 2004 to 12 in June 2008. Drug dogs, along with increased surveillance and scanning equipment, have led to a marked reduction in drug use by prisoners. During 2007/08, 13 per cent of general random drug tests of prisoners tested positive for drugs, compared with 34 per cent in 1997/98. For more information go to the 'Strategy to Reduce Drug and Alcohol Use by Offenders' at www.corrections.govt.nz/q/-strategy-to-reduce-drug-and-alcohol-use-by-offenders-2005-2008.html

In a world leading initiative, we have also worked on preventing prisoners' access to cell phones, which is an important factor in halting criminal activity being coordinated from within prisons. Over the year, we have enabled cell phone jamming equipment at Hawke's Bay Prison, Otago Corrections Facility and Manawatu Prison preventing the use of cell phones in these prisons. A temporary Micro-cell jammer has also been enabled at Northland Regional Corrections Facility. The design of permanent Micro-cells for Rimutaka and Northland Regional Corrections Facility is in progress and the planning, design and/or implementation of jamming is scheduled at the balance of prison sites. As a temporary measure, before jamming, we introduced handheld detectors to detect the use of cell phones within prisons.

IMPROVEMENTS IN CRIME PREVENTION

We are continually introducing new methods of surveillance, including physical barriers, detection and lighting systems, as well as more sophisticated means of intelligence gathering. This has made prisons a safer place for both staff and offenders, with overall reductions in serious assaults, escapes and contraband being achieved over the past five years.

During 2007/08 we continued to build our intelligence capability within prisons to promote the prevention and detection of crime. This capability is based on best-practice models of intelligence used by the New Zealand Police and Customs, and by overseas corrections agencies in Australia, Canada and the United Kingdom.

We also introduced systems to monitor prisoners' telephone calls to identify security risks and criminal activities within prisons. This initiative has already resulted in prisoners being convicted of crimes committed from within prison. Further information on processes and systems in place to supervise and control the monitoring of prisoner calls is available in the Appendices on pages 169 to 170.

OUTCOME INDICATORS

The Department measures its contribution to ensuring sentence and order compliance against the following outcome indicators:

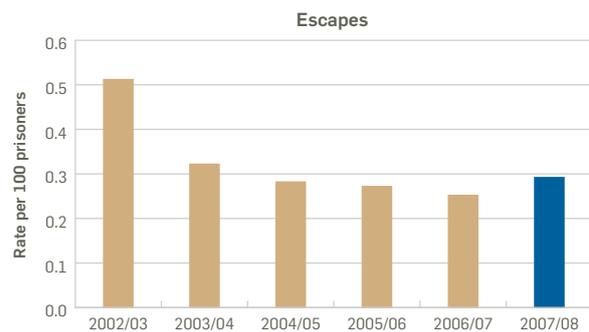
- escapes from custody
- general random drug screening test results by security classification.

We are further developing outcome indicators for our end and intermediate outcomes which will link to the Department's output performance measures.

ESCAPES FROM CUSTODY

Improvements in prison security have translated into an overall decline in the rate of breakout escapes over the past five years.

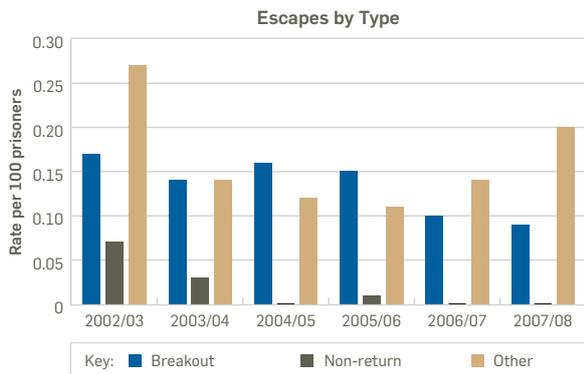
The increase in 'other' escapes resulted in a slight increase in the overall rate of escapes per 100 prisoners to 0.29 from 0.25 for the 2006/07 financial year.



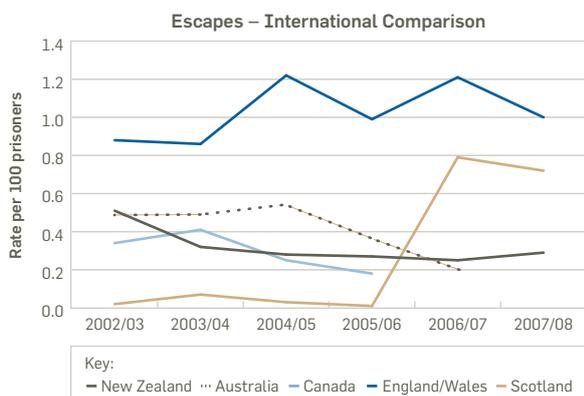
There were seven breakout escapes in 2007/08 compared with eight escapes in 2006/07.

However, there was an increase in the number of 'other' escapes. The majority of which were related to prisoners who walked away from their place of work while on the Release to Work Programme.

Corrections Inmate Employment (CIE) and Prison Services continue to work closely with employers of prisoners on the Release to Work programme to ensure there is minimal opportunity for prisoners to walk-away. In the unlikely event that this should occur, the prison and CIE are notified by the employer immediately.



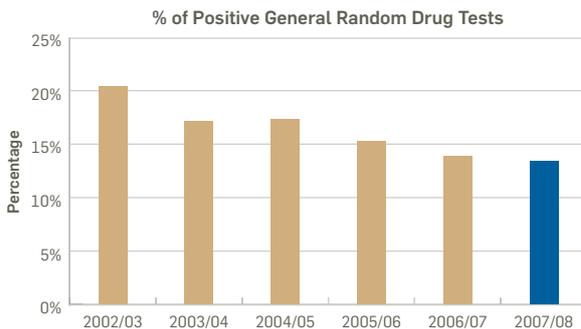
The rate of escapes in New Zealand compares favourably with other jurisdictions, as illustrated in the following diagram.



DRUG USAGE IN PRISONS

Improvements in the Department's ability to reduce the amount of illicit drugs entering prisons and to motivate offenders to become 'drug free' has translated into an overall decline in the percentage of positive general random drug tests in prisons. Initiatives such as the implementation of the cellphone jamming technology, improved prison security and an increase in the number of drug dog detection teams have reduced the supply of drugs into prisons. Drug tests and the implications of testing positive, and the rehabilitation programmes offered to prisoners, are reducing the demand for drugs by prisoners.

During 2007/08 13 per cent of general random drug tests of prisoners tested positive for drugs, compared with 34 per cent in 1997/98.





OUTCOME:

RE-OFFENDING IS REDUCED

We improve public safety over the long term by reducing re-offending. Re-offending is reduced when offenders previously under the control or supervision of the Department go on to live an offence-free life. The number of overall offences and people returning to the corrections system will decrease and, in particular, we will see Māori re-offending rates reducing significantly.

SUCCESS IN THIS OUTCOME IS WHEN OFFENDERS:

- develop offence-free lifestyles
- overcome drug and alcohol problems
- overcome propensities for violence
- maintain a positive sense of their identity and abilities
- find stable employment and accommodation
- build strong pro-social relationships within their family, whānau and community.

OUR CONTRIBUTION TO THE OUTCOME

We reduce re-offending by providing programmes that help offenders to address the behaviours and circumstances that led to their offending. The first step is to assess offenders' needs, and then to match programmes with those needs.

Output classes that contribute to reducing re-offending include:

- Output Class 6: Prisoner Employment.
- Output Class 7: Rehabilitative Programmes and Reintegrative Services.

Further information on our performance against output class targets and measures for reducing re-offending is set out in the Statement of Service Performance, on pages 89 to 152.

We provide programmes to offenders to motivate them to 'face up' to their crimes and to identify what needs to change in their lives.

We provide rehabilitation programmes so offenders can address behaviours that lead to offending, such as drug and alcohol problems, violence and managing relationships. We help offenders identify their cultural and spiritual needs, and provide services to offenders in settings which recognise these needs. Appendix 1 provides a full list of rehabilitation programmes that we provide to offenders.

We support offenders to reintegrate into society by promoting continued contact between offenders and their family/whānau, providing offenders with employment-related skills and experience, skills in budgeting, parenting and relationships, and facilitating access to appropriate housing, work and supportive people. Appendix 1 provides a full list of reintegration programmes that we provide to offenders.

Our day-to-day interactions with offenders are also opportunities to have a positive influence and to help offenders to build their abilities to stop offending.

Achievements in relation to reducing re-offending are assessed through the use of two measures, the Recidivism Index (RI) and the Rehabilitation Quotient (RQ). Further information on the results of these measures is provided in Appendix 3.

WORKING WITH OTHER AGENCIES

As with all outcomes, we work with other agencies and community groups to meet the challenge of reducing re-offending. In particular, over the 2007/08 financial year, we worked closely with:

- the Ministry of Social Development to report and address child abuse and to manage sexual and violent offenders
- the New Zealand Police, the Ministry of Social Development and Housing New Zealand who are parties to the Agreement for Sharing Information on Child Sex Offenders. Under this agreement, the agencies work together to monitor child-sex offenders' compliance with release conditions, manage the risk posed by such offenders, and facilitate their safe reintegration into the community once released
- the Ministry of Social Development on employment case management and broker services to prisoners
- the New Zealand Police to address family violence, through initiatives such as the Family Safety Team Project
- a number of agencies on the Combined Law Agency Group to share information and resources to combat organised crime in New Zealand
- New Zealand Prisoners' Aid and Rehabilitation Society (NZPARS) to contribute to a reduction in re-offending by assisting offenders (and their family/whānau) to address practical problems as they reintegrate back into the community or into Home Detention following their release from prison.

IN 2007/08 we improved our contribution to the end outcome of 'Re-offending is Reduced' in the following ways:

STRATEGIES TO SUCCEED FOR MĀORI AND PACIFIC OFFENDERS

Māori and Pacific offenders have a disproportionately high level of representation across all stages of the criminal justice process. Reducing re-offending by Māori and Pacific offenders is therefore a high priority.

In 2007/08 we worked with staff and partners to develop the 2008-13 Māori Strategic Plan and the 2008-13 Pacific Strategy. These documents outline how we will work with Māori and Pacific offenders and their communities to be more effective in reducing re-offending. For further information on the Māori Strategic Plan and Pacific Strategy go to www.corrections.govt.nz/news-and-publications/strategic-documents.html

WORLD'S FIRST PRISON-BASED FALE

We opened our first dedicated Pacific Focus Unit and the world's first prison-based fale (traditional Pacific meeting house) at Spring Hill Corrections Facility in November 2007.

“We opened our first dedicated Pacific Focus Unit and the world’s first prison-based fale (traditional Pacific meeting house)...”

Vaka Fa'aola (the vessel bringing a message of hope and growth) is a 44-bed unit for Pacific prisoners who will benefit from the Saili Matagi violence prevention Programme that is delivered in the unit. The Saili Matagi programme combines a Pacific cultural model with Western group therapy to help Pacific men change their violent behaviour.

EFFECTIVE REHABILITATION PROGRAMMES

For rehabilitation programmes to work for offenders, they must first have the motivation to change and address their offending behaviours. Rehabilitative programmes help offenders to address the behaviours and circumstances that led to their offending.

During 2007/08, we changed the design of the Short Motivational Programme to improve its effectiveness, including the development of an extra session within the programme. Staff were trained in the delivery of the new programme and it came into effect in December 2007.

A rehabilitation programme for Special Treatment Units (STU) has been successfully piloted at the Karaka STU – which is being implemented nationwide.

We also trained our staff to work effectively to help offenders' rehabilitation. Changes were made to the training we provide to facilitators of rehabilitation programmes, this included new supervision processes and completion of supervision reports. In addition we trained selected staff in dynamic risk assessment to be applied to sex offenders who are on Extended Supervision orders.

Further information on the rehabilitative programmes and services provided by the Department are attached at Appendix 1.

CAPACITY OF DRUG AND ALCOHOL TREATMENT SERVICES

We worked with the Ministry of Health to introduce additional community-based alcohol and drug services under the 'First Steps' plan. Over 2,800 offenders received these services during 2007/08. We also established a specialist alcohol and other drug (AOD) offender team and extended AOD treatment services to offenders in the community. We evaluated the treatment programmes delivered to Māori, and undertook feasibility studies on establishing additional AOD services in the lower-North Island and on dual-diagnosis community treatment programmes for women offenders.

“The Department established two new Drug Treatment Units at Spring Hill Corrections Facility and Rimutaka Prison over the year.”

The Department established two new Drug Treatment Units at Spring Hill Corrections Facility and Rimutaka Prison over the year. These Drug Treatment Units are in addition to the four already in existence at Christchurch Men's, Arohata, Waikeria and Hawke's Bay prisons.

INCREASED DEMAND FOR REHABILITATION PROGRAMMES

Utilising funding received from the Effective Interventions package we implemented a national plan to address the increase in demand for our programmes, including Domestic Violence programmes, Community-based Sex Offender Programmes and Tikanga Māori programmes.

Tikanga Māori programmes have been shown to have a positive effect in the rehabilitation of Māori offenders. National contracts have been negotiated with sex offender treatment providers to deliver a 12-month intensive treatment programme, and a national approach was adopted for contracting domestic violence and Tikanga Māori programmes to ensure consistency in multi-year contracts. This has increased the volume of referrals we can make to better meet the increased demand for these programmes. During 2007/08, the number of new starts for community-based Tikanga Māori programmes and Domestic Violence programmes increased by 29 and 24 per cent respectively.

We also piloted a Relapse Prevention Programme (Maintenance) for community-based offenders who have successfully completed a rehabilitation programme. Programme delivery staff were trained in the new programme and it has been implemented across our regions.

During 2007/08, we established a Special Treatment Unit (STU) at Spring Hill Corrections Facility. STUs operate an intensive programme for offenders who are at a high-risk of re-offending.

QUALITY OF PROGRAMME DELIVERY

We worked to improve the delivery of our programmes by redeveloping training materials for the Medium Intensity Rehabilitation Programme. We also improved the way we monitor rehabilitation programme integrity (i.e. consistency of delivery) in line with internationally recognised standards and measures.

We reviewed the use of sentence planning and management to identify ways to improve rehabilitation and reintegration of offenders. This included a workshop involving key partners in June 2008.

EMPLOYMENT-RELATED SKILLS AND TRAINING FOR PRISONERS

The Prisoner Employment Strategy 2006-2009 outlines strategies to increase the work skills and qualifications of prisoners to help them find work once they are released. For further information go to www.corrections.govt.nz/q/prisoner-employment-strategy-2006---2009.html

During 2007/08, employment growth plans were developed for each prison to sustain the rate of growth in prisoner employment. As at 30 June 2008, over half of all prisoners were involved in employment-related activity, up from 43 per cent in 2007 and 38 per cent in 2006.

More low security prisoners nearing the end of their sentence (who met strict eligibility criteria) were able to participate on the Release to Work Programme, allowing them to work in ordinary jobs in the community during the day to prepare them for their release. Up to 185 prisoners at any one time were participating in Release to Work.

Prisoners also participated more in NZQA accredited education, being assessed against a total of 37,563 NZQA credits over the year compared to 20,350 during 2006/07. This result reflects an increased focus on the quality of training and an increase in the number of instructors qualified as NZQA assessors.

WE WORKED TO REMOVE BARRIERS TO EMPLOYMENT FOR MĀORI PRISONERS

We identified specific employment-related training needs for Māori prisoners through analysis of achievement rates to date and developed strategies and activities to address these needs. Research was carried out on barriers to Māori employment and a number of significant issues were identified. We have located more high-skilled jobs in prisons where there are large Māori populations and motivated more Māori prisoners to work in high-skilled jobs.

MORE EMPLOYMENT-RELATED ACTIVITIES FOR YOUNG PRISONERS

We also expanded employment-related activities for young prisoners. At Hawke's Bay Prison we identified a number of opportunities for young prisoners to be involved in employment activities. These include catering, silviculture, horticulture, construction and glazing training with a further scope to add forestry and carpentry. Release to Work opportunities were also made available to those young prisoners who met the required eligibility

criteria. The variety of employment related training provided to young prisoners continued to increase at Waikeria, Hawke's Bay and Christchurch Men's prisons with subjects including catering, horticulture, joinery and farming. The expansion of employment training to youth will remain a focus in 2008/09.

WE EVALUATED THE EFFECTIVENESS OF REHABILITATION PROGRAMMES

We evaluate our rehabilitation programmes and activities to test their effectiveness in reducing re-offending.

Research and evaluation projects in 2007/08 included:

- completing evaluations of our Te Ihi Tu (community residential centre) and Tikanga Māori programmes
- commencing an evaluation of our Māori Focus Units and Māori Therapeutic programmes
- developing initiatives to strengthen our effectiveness in contributing to reducing re-offending for Māori
- development of monitoring and evaluation processes for the Pacific Focus Unit at the Spring Hill Corrections Facility, in line with the Pacific evaluation framework
- contributing to the Ministry of Justice/New Zealand Police jointly-led development of a co-ordinated interagency initiative for tackling persistent or prolific offending
- finalising the evaluation report on the intensive group treatment programme for dangerous and severe personality disorders.

OUTCOME INDICATORS

REDUCING RE-OFFENDING

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

A full explanation for the RI and RQ methodologies can be found on pages 36 to 42 of the Department's 2004/05 Annual Report.

We are further developing outcome indicators for our end and intermediate outcomes which will link to the Department's output performance measures.

ANALYSIS OF REPORTED RECIDIVISM INDEX (RI) FIGURES

Table 1 attached at Appendix 3, provides reconviction rates as recorded over 12 months, for those released from prison, or commencing community-based sentences, during the 2006/07 (1 April to 31 March) year, and Table 2 provides the rates over 24 months for those released from prison, or commencing community-based sentences, during the 2005/06 year. RI figures are reported for multiple categories of offenders, with significant variation observed in reconviction rates between sentence types, offence types and demographic groups.

The overall RI results for 2007/08, when compared to the 2006/07 reported results, generally indicate small decreases in average re-imprisonment rates for offenders released from prison as well as for offenders commencing community-based sentences. This is likely to reflect the introduction of new community sentences in October 2007, which was followed by a fall in the number of prison sentences being imposed.

RI Sub-group Comparisons

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

- Males are re-imprisoned at a significantly higher rate than females (28 and 18 per cent respectively) and reconviction rates for male offenders released from prison are also higher than for female offenders (44 and 35 per cent respectively).
- The re-imprisonment and reconviction rates for Māori (31 and 48 per cent respectively) are markedly higher than those for Pacific and Europeans (23 and 38 per cent respectively).
- Re-imprisonment rates reduce by approximately two-thirds as offenders age (offenders over 40 years are re-imprisoned at less than one-third the rate of those under 20), and vary markedly between offence classes (dishonesty offenders having the highest rates and sex offenders the lowest).
- Offenders released on Home Detention had reconviction and re-imprisonment rates substantially lower than the average.

- Re-imprisonment rates were higher for prisoners released from medium security classification (39 to 41 per cent) than those for prisoners released from minimum security classification (23 per cent).
- There is a tendency for shorter sentence length to be associated with higher rates of re-imprisonment and reconviction. Offenders serving sentences of between one and two years are re-imprisoned at a higher rate than offenders with a sentence length between three and five years (29 and 23 per cent respectively). This is likely to reflect the fact that prisoners who serve longer sentences do so because of convictions for violent and sexual offences - offenders imprisoned for these types of offences tend to have lower rates of reconviction.

Previous reports have indicated that Pacific offenders had significantly lower rates of reconviction than both Māori and European. This year's analysis has been enhanced through facility to exclude deported offenders. It is now apparent that once deported offenders are removed from the total pool of offenders, the reconviction rate for Pacific offenders proves to be approximately the same as that of Europeans.

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

For both prison releases and community sentence offenders, the 24-month RIs generally show a predictable pattern, in that the 24-month RI figures typically increase by between 35 per cent and 50 per cent over the 12-month rates.

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

REHABILITATION QUOTIENT (RQ)

Programmes delivered by the Department to enable offenders to lead law-abiding lives are provided in Appendix 1. These programmes have been designed and implemented in ways consistent with internationally developed best practice principles.

Research on outcomes from rehabilitative programmes has shown that significant reductions in reconviction and re-imprisonment can be achieved when interventions are delivered to appropriately selected offenders.

The purpose of the Rehabilitation Quotient (RQ) is to gauge the extent to which re-offending is reduced amongst those who received a rehabilitative intervention. The 2004/05 Annual Report contained discussion on findings of poor outcomes from some of the Department's programmes. As a consequence of these findings, the Department reviewed the entire rehabilitative programme framework, including principles for eligibility and selection of offenders. This work resulted in the termination of the cognitive skills course 'Straight Thinking' which was not performing as expected and extensive work to redevelop others (e.g. the lower-intensity 100-hour programmes). The Department has also progressively expanded the availability of the higher intensity programmes, such as the prison-based drug and alcohol treatment units (DTUs) and generic special treatment units (STUs).

Rehabilitation data analysed this year was derived from programmes which were completed between 1 April 2005 and 31 March 2007. Numbers of graduates from the new medium-intensity rehabilitation programmes have not yet reached sufficient levels to allow a meaningful analysis of impact. RQ results from these programmes should however be available in the coming year.

Positive results have again been recorded this year in relation to the more intensive programmes. The RQ score for the DTUs (reimprisonment, 24 months follow-up) was 0.10, and for the sex offender STU, the RQ (reimprisonment, 24 months follow-up) was 0.08. As noted above, explanations of the RQ methodology and the interpretation of scores are available on pages 40-42 of the 2004/05 Annual Report.

The 12 months follow-up reimprisonment RQ scores for the DTUs reflect the performance of graduates of these programmes during a period of rapid expansion. These are low (around zero) which, while disappointing, must be interpreted in light of the difficulties inherent to rapidly expanding this service. Comparable figures for the sex offender STUs (12 months follow-up) are however very positive, at 0.11.

Analysis was also undertaken on the lower-intensity rehabilitation programmes for which the Department contracts services for community-based offenders. The resulting RQ scores are also low, falling below the level of statistical significance, but are mainly in a positive direction. Given the relatively low costs of such services, and the large numbers of offenders who require such assistance, it is believed to be cost-effective to continue referring offenders even though the level of positive impact is modest.

These results once again confirm however that more intensive programmes, delivered by specialist personnel to offenders at higher risk of re-offending, are effective in reducing rates of re-offending.

A caveat on the interpretation of RQ results is that offenders managed by the Department have access to a wide range of services, including educational, employment and general living skills training, as well as various supports to assist with reintegration to the community. These services are available in varying degrees to offenders irrespective of whether they have also participated in the core rehabilitative interventions (the specific impact of which the RQ attempts to measure). At this stage the RQ methodology does not account for impacts created by these ancillary services in terms of recidivism outcomes. However, it is widely accepted that the provision of education, training and reintegrative support services can have significant benefits in reducing risks of future offending.



OUTCOME:

VICTIMS OF CRIME ARE SUPPORTED

Victims of crime are supported by providing notification services to victims whose details have been forwarded to us by the New Zealand Police.

However, our most significant contribution to this outcome is our more general work ensuring that offenders comply with their sentences and orders and re-offending is reduced. By achieving these two outcomes, we protect the public from future offending, improve public safety and reduce the number of victims of crime in the community.

SUCCESS IN THIS OUTCOME IS WHEN:

- we succeed in the broader outcomes of Ensuring Compliance with Sentences and Orders and Reducing Re-offending
- victims registered with the Department are provided with information in accordance with the Victims' Rights Act 2002
- registered victims are referred to specialist support organisations for appropriate assistance.

OUR CONTRIBUTION TO THIS OUTCOME

The output class that contributes to supporting victims of crime is Output Class 10: Service Purchase, Provision and Monitoring.

Further information on our performance against output class targets and measures for supporting victims of crime is set out in the Statement of Service Performance, on pages 89 to 152.

WORKING WITH OTHER AGENCIES

As with all outcomes, we work with other agencies and community groups to ensure victims of crime are supported. In particular, the Department is party to an Operational Protocol on Victim Notification, along with the Ministry of Social Development, the Ministry of Health, the New Zealand Immigration Service branch of the Department of Labour and the New Zealand Police. The Protocol sets out the services each of the agencies are required to provide with the aim of improving services to victims of offences under Part 3 of the Victims' Rights Act.

We have a Memorandum of Understanding with the New Zealand Council of Victim Support Groups which aims to improve services to victims. Various support agencies we work with include Victims Support, Women's Refuges, Citizens Advice Bureau, church groups, Rape Crisis, Salvation Army and Neighbourhood Support.



IN 2007/08 we improved our contribution to the end outcome of 'Victims of Crime are Supported' in the following ways:

WE CONSISTENTLY PROVIDED NOTIFICATION SERVICES

The purpose of the Victims' Rights Act 2002 is to improve provisions for the treatment and rights of victims of offences. We ensure victims of crime are supported by providing registered victims with information about events relating to the specific offenders who have been convicted for offences against the victim in accordance with the Act.

“The purpose of the Victims' Rights Act 2002 is to improve provisions for the treatment and rights of victims of offences.”

The names and contact details of victims are provided to the Department by the New Zealand Police. We provide victims' details to the New Zealand Parole Board, Department of Labour (Immigration Service) and the Ministry of Justice so they may provide notification services required by the Parole Act 2002, Victims' Rights Act 2002 and Prisoners' and Victims' Claims Act 2005. As at 30 June 2008, we managed 2,184 active cases, including 1,959 victims, 1,455 offenders and six immigration requests for victim details.

We ensure victims of crime are supported by referring victims to other appropriate agencies and non-government organisations for specialist support. Specialist support agencies provide practical assistance to help victims recover from the effects of crime. These agencies do this by providing information, support and assistance to individual victims, witnesses, their families and friends. They also raise public awareness and recognition of the effects of crime and promote victims' rights.

A FRAMEWORK FOR RESTORATIVE JUSTICE

During 2007/08, we began developing a framework around the current arrangements, resourcing and funding for restorative justice conferences in prisons between offenders and their victims. Further development and implementation of this framework will continue into the 2008/09 financial year.

OUTCOME INDICATORS

The Department measures its contribution to supporting victims of crime by the number of justified complaints from victims. Justified complaints are those where notifications have not been made in accordance with the National System, which result from systemic or human error. There have been four justified complaints since 2002, but none in the 2007/08 financial year.



OUTCOME:

OFFENDERS ARE MANAGED SAFELY AND HUMANELY

We are required under the Corrections Act 2004 to provide a safe, secure and humane environment for prisoners and prison conditions are tightly regulated by law and international convention.

We also ensure that community-based offenders can serve their sentences in a safe environment when under our management. This includes ensuring offenders can undertake Community Work in a healthy and safe work environment.

SUCCESS IN THIS OUTCOME IS WHEN OFFENDERS:

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

In addition to this, prisoners are managed safely and humanely when they:

- are housed humanely and have their basic human needs (food, shelter, clothing) met
- receive health care comparable to that which the general community receives

- can maintain pro-social relationships with family and friends, subject to appropriate security requirements
- have access to spiritual support
- have access to a reasonable level of physical exercise.

OUR CONTRIBUTION TO THIS OUTCOME

We have an obligation to keep offenders safe from harming themselves and others during their sentence. This is a challenge given we deal with people who may be at a low point in their lives, or who may resort rapidly to violence when facing conflict or frustration.

Output classes that contribute to managing offenders safely and humanely include:

- Output Class 3: Custody of Remand Prisoners.
- Output Class 4: Escorts and Custodial Supervision.
- Output Class 5: Custodial Services.
- Output Class 7: Rehabilitative Programmes and Reintegrative Services.
- Output Class 10: Service Purchase, Provision and Monitoring.

Further information on our performance against output class targets and measures for managing offenders safely and humanely is set out in the Statement of Service Performance, on pages 89 to 152.

We must ensure that prisoners have access to the basic necessities of life. This does not mean providing luxuries. Instead, it means providing adequate food, shelter and clothing, adequate health care, opportunities to maintain relationships with family and friends, religious, spiritual, and cultural support, access to legal advisers and statutory visitors, access to information and education, and access to a reasonable level of physical exercise.

“We must ensure that prisoners have access to the basic necessities of life.”

We implement and monitor the following strategies as part of our obligation to manage offenders safely and humanely:

- New Zealand Action Plan for Human Rights 2005-2010
- Youth Development Strategy Aotearoa 2002
- New Zealand Suicide Prevention Strategy 2006-2016.

In the unfortunate circumstance that a significant event (such as a death) occurs in prison, the Inspectors of Corrections complete a full independent investigation. Prison staff are also trained to minimise incidents of self-harm by prisoners, including suicide and drug overdoses. Prisoners identified as being at risk of self-harm are actively managed to prevent as many incidents as possible. During 2007/08 the Inspectors completed 14 full investigations of significant prison incidents, most of which related to deaths in custody.

WORKING WITH OTHER AGENCIES

As with all outcomes, we work with other agencies and community groups to ensure offenders are managed safely, securely and humanely. In particular, during the 2007/08 financial year, we worked with:

- the Offender-Related Health Action Group with the Ministry of Health. This group’s aim is to address the health issues of offenders by ensuring they receive a standard of health care and access to health services that is equivalent to that of the general population
- the Ministry of Social Development to ensure the safe and humane management of the custody of young offenders. In addition, we work with the Ministry of Youth Development to ensure prison policy and

procedures regarding young offenders comply with the United Nations Convention on the Rights of the Child

- the Office of the Ombudsmen, which is being enhanced to provide increased independent oversight of prisons, including the investigation of serious incidents and the undertaking of reviews of systemic issues identified during visits or following complaints and incidents.

IN 2007/08 we improved our contribution to the end outcome of ‘Offenders are Managed Safely and Humanely’ in the following ways:

WE OPENED A NEW AT RISK UNIT

We opened a new At Risk Unit in Hawke’s Bay Prison in January 2008, bringing the total number of At Risk Units in prisons to 14. The new 13-bed unit is designed to help better manage prisoners at risk of harming themselves. It is staffed by on-site registered nurses with mental health training, a forensic nurse from the Hawke’s Bay District Health Board and a psychiatrist who visits weekly. Two forensic personnel from the Tairāwhiti District Health Board will also make twice-weekly visits to the prisoners.

A NEW FRAMEWORK FOR PRISONERS WITH MULTIPLE AND COMPLEX NEEDS

We began developing a new framework for managing prisoners with severely aberrant behaviour (multiple and complex needs) in prisons. We have completed an analysis of information, including samples of community-based and prison-based offenders identified as having multiple and complex needs. Whilst there are few clinical options available for people with severe personality disorders, forensic psychiatric expertise is crucial to prison custodial staff being able to safely and effectively manage these offenders, particularly as they have complicating co-occurring disorders.

NEW WAYS OF MANAGING VIOLENT OFFENDERS

Keeping offenders and staff safe from harm is a priority for us – both in prisons and in the community.

Community Probation staff are trained in appropriate and safe ways to intervene in preventing violence, including how to refer to specialist agencies. We are currently piloting an assessment approach to be used by Probation Officers to monitor dynamic risk factors in offenders, particularly violent offenders. From the first contact with an offender, our task is to establish and maintain the security and safety of the community, our staff, and the offender.

Prison staff are trained to work with prisoners to create a stable social environment and to watch for early warning signs of violence. If violence does occur, staff are trained in de-escalation and approved control and restraint techniques. Violent offenders make up a significant proportion of the prison population, and in prison tend to be more difficult to manage.

During 2007/08, the Department developed a draft policy for the management of violent and disruptive prisoners. The draft paper is being consulted on, and a final approach will be agreed in 2008/09.

MANAGING GANGS IN PRISON

During the year, we reviewed our strategy on the management of gang issues. We are providing support to the Government's focus on organised crime including criminal gangs through the Department's Gang Strategy. To support the strategy, an Organised Crime Analyst has been seconded to head office. A Secure Intelligence Database was implemented and is providing intelligence reports for operational managers. Organised Crime Awareness presentations were prepared for staff.

“A Secure Intelligence Database was implemented and is providing intelligence reports for operational managers.”

The Department's Gang Strategy now falls under the umbrella of the Government's "Organised Crime Strategy" and the Organised and Financial Crime Agency New Zealand (OFCANZ). The Department is actively participating in delivering Criminal Justice Sector organised crime prevention initiatives. The crime prevention structure and systems to manage gang issues are in place and staff training is complete. The review of the Crime Prevention Strategy is progressing and is expected to be complete shortly.

CHANGES TO THE WAY WE TRANSPORT AND ESCORT PRISONERS

Following the death of a remand prisoner in 2006, we set up the Prisoner Escort and Transportation Project to implement the Inspector's recommendations and those recommendations contained in the Ombudsman's Own Motion Investigation into Prisoner Transportation.

Of the 13 Inspector's recommendations, 11 which were assigned to the Department have now been implemented and finalised. The remaining two recommendations are being led by the Ministry of Justice.

Of the 37 Ombudsmen's recommendations, 22 have been implemented, 12 will be complete in November 2008 with the development of permanent vehicle standards, and three recommendations are being managed in conjunction with the Ministry of Justice.

During 2007/08 the project has made significant progress:

- waist restraints were trialled and introduced with the contract for their production going to the preferred manufacturer
- fire-resistant seat squabs were implemented
- the core policy and procedures governing the transportation of prisoners were reviewed and significantly amended and improved. This included provision of specific guidance on what to do in emergencies situations, and guidelines around provision of rest breaks and food and water to prisoners.

A safety review of the entire escort fleet (including Chubb vehicles) was undertaken to identify any health and safety risks from introducing prisoner restraints. Training to support the prisoner escort vehicle folder (a documentation folder containing procedures, checklists and information for escort personnel) was conducted in April 2008, and this included training on the separation risk assessments and new process maps.

Options for the management of escorts into the future are being considered to help establish and maintain consistent escort standards. Permanent vehicle standards and options for the future management of prisoner escorts and transportations will be completed in November 2008. A post-implementation review of the new prisoner escort processes, including the introduction of waist restraints, is underway and is expected to be completed by the end of August 2008.

A NEW PRISONER PLACEMENT SYSTEM

Under Section 47(1) of the Corrections Act 2004, the Chief Executive must ensure that the security classification assigned to a prisoner reflects the level of risk posed by that prisoner while inside or outside prison, including the risk that an escape would pose to the public.

The Department's Prisoner Placement System defines the security classification system for sentenced prisoners, describes the procedures to be followed for the security classification system and provide guidelines for placement of prisoners. The purpose of the security classification system is to enable the containment of sentenced prisoners with a level of supervision appropriate to the level of internal and external risk that a prisoner poses.

During 2007/08, we progressively implemented a new Prisoner Placement System in those prisons with appropriate facilities. The new Prisoner Placement System is currently operational in Auckland Region Women's Corrections Facility, Otago Corrections Facility and Spring Hill Corrections Facility.

STRUCTURED DAY IN PRISONS

Structured Day aims to maximise prisoners use of unlock time through their involvement in structured activities, including offence-related intervention, employment, education and reintegration, constructive and daily living activities.

During 2007/08, the Department continued the multi-year implementation of the Structured Day concept. The Structured Day has now been fully implemented in Auckland Region Women's Corrections Facility, Otago Corrections Facility and Spring Hill Corrections Facility. We are now scoping how implementation at the remaining sites can be achieved.

PRISONERS' ACCESS TO HEALTH CARE

Prisoners are entitled to have a level of access to health care comparable to that available to everyone else in the community. Prisoners often have higher health needs than the general population and health-related issues have frequently contributed to their past offending behaviours.

Every prisoner entering prison has their health needs assessed and on-going care and treatment is provided according to that clinical need. We provide primary health care to prisoners, including primary medical, nursing, mental health addiction services, dental health care, public health and some disability support services.

Provision of secondary and tertiary health care services to prisoners is the responsibility of the local District Health Board (DHB). The prison health service refers prisoners requiring specialist care and treatment to these services under the same eligibility criteria as any other patient.

During 2007/08, we worked with the Ministry of Health to determine the appropriate level of health services for prisoners. It was agreed that the proposed timeframe be extended so that sufficient consultation on the options can be undertaken.

A Memorandum of Understanding (MoU) between the Ministry of Health and the Department of Corrections is in place to ensure access to primary and secondary health services for prisoners. During 2007/08, two protocols as part of the MoU were developed. They relate to the management of prisoners on the opioid substitution programme and the management of actively mentally unwell prisoners. The key issues around accessing maternity care for pregnant prisoners is currently in the final stages of resolution, with the DHB agreeing to pay for or provide the necessary care.

OUTCOME INDICATORS

The Department measures its contribution to managing offenders safely and humanely against the following outcome indicators:

- serious assaults
- unnatural deaths
- suicides
- justified complaints.

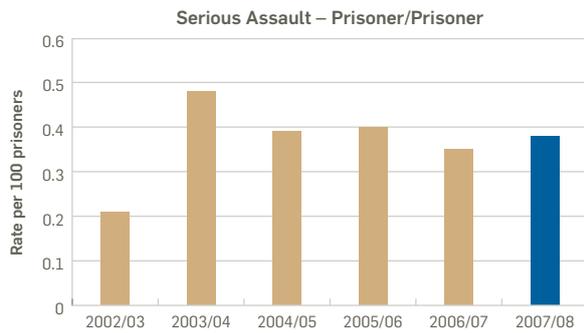
We are further developing outcome indicators for our end and intermediate outcomes which will link to the Department's output performance measures.

THE RATE OF ASSAULTS IN PRISONS

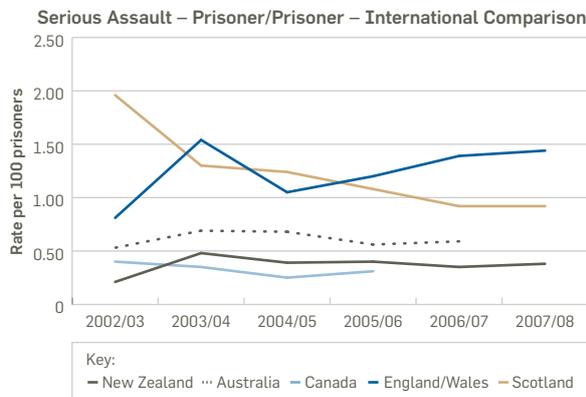
Improvements in managing prisoners safely and humanely have translated into the rate of assaults being relatively stable – an achievement considering the increase in the proportion of violent offenders increasingly making up the prison population.

The rate of serious assaults by prisoners on other prisoners per 100 prisoners has increased slightly, from a rate of 0.35 in 2006/07 to a rate of 0.38 in 2007/08. However, the rate has trended downwards over the past five years.

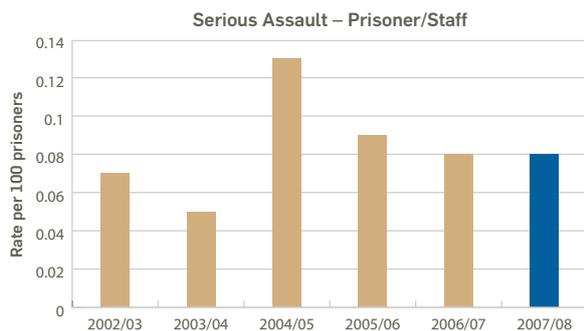
There were 30 serious prisoner/prisoner assaults during the 2007/08 financial year. Nineteen of the assaults required the hospitalisation of prisoners, while the other 11 were alleged sexual assaults, which are currently being investigated.



As illustrated in the following table, the rates of serious prisoner/prisoner assaults compares favourably with other jurisdictions.

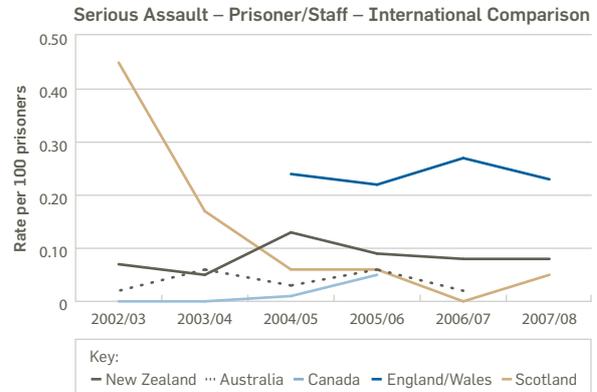


The rate of serious assaults by prisoners on staff per 100 prisoners remains the same as 2006/07 at 0.08 following a downward trend over the past four years.



There have been six serious prisoner/staff assaults in the 2007/08 financial year. Four of the incidents required hospitalisation and resulted in the Corrections Officers requiring time off work on ACC, while the other two incidents were alleged sexual assaults.

As illustrated in the following table, the rate of serious prisoner/staff assaults compares favourably with other jurisdictions.

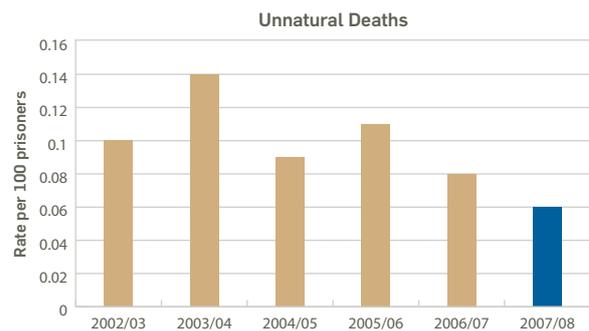


UNNATURAL DEATHS IN PRISONS

Improvements in managing prisoners safely and humanely have translated into a decline in the rates of unnatural deaths in prisons over the past five years.

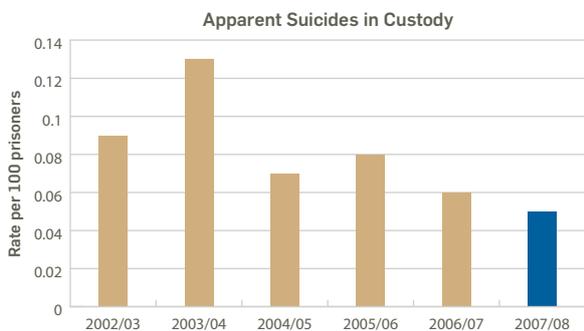
The rate of unnatural deaths of prisoners has continued the downward trend of the past five years with 0.06 unnatural deaths per 100 prisoners in 2007/08.

There have been five unnatural deaths in the 2007/08 financial year, one less than the 2006/07 financial year. Of the five unnatural deaths, four were apparent suicides. Details of the fifth are subject to the outcome of the Coroner's inquest.

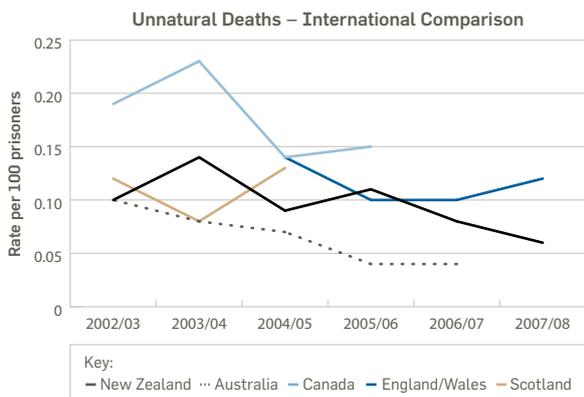




The rate of apparent suicides per 100 prisoners has declined to 0.05 over the past five years.



As illustrated in the following table, the rates of unnatural deaths in prisons compares favourably with other jurisdictions.

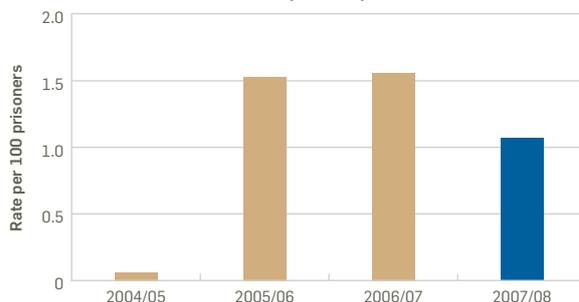


NUMBER OF JUSTIFIED COMPLAINTS

The number of justified complaints to the Inspectors of Corrections have declined over the past two years. Further information is available in Appendix 4 on page 167.

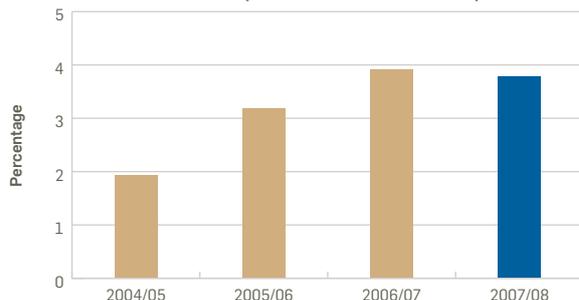
There were 84 justified complaints to the Inspector during the year, which represents 3.8 percent of the 2,223 complaints received.

Justified Complaints to Corrections Inspector as a rate per 100 prisoners¹



The largest number and also the highest rate of justified complaints related to the management of prisoners' property. There were 23 justified property complaints out of a total of 357 (6.4 per cent). The majority of these concerned items lost or damaged during prisoner movements and transfers.

Justified Complaints as a % of Total Complaints



¹ Consequent on a request from the Assurance Board, the definition of a justified complaint to an Inspector has been revised and now involves any complaint that requires the Inspector's intervention in order to obtain the correct outcome for the prisoner. This new definition applies to any complaints received from 1 July 2005 onwards.



SENTENCE OPTIONS ARE USED EFFECTIVELY

We provide advice to judges and the New Zealand Parole Board (NZPB) on an offenders' risk and suitability for rehabilitation. This advice helps judges and the NZPB to make appropriate sentencing decisions.

SUCCESS IN THIS OUTCOME IS WHEN OUR ADVICE HELPS:

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

OUR CONTRIBUTION TO THIS OUTCOME

We contribute to this outcome through the provision of pre-sentence assessments and reparation reports to the judiciary. We also provide a wide range of reports and advice to the NZPB on the suitability of offenders for release on Parole. In preparing reports for judicial authorities, we actively liaise with the New Zealand Police to ensure quality advice.

We also provide administrative services to the NZPB. The NZPB is independent under the Parole Act 2002. It makes decisions on the release of offenders from prison on Parole and Home Detention. It also sets conditions for offenders when they are released, and can recall offenders to prison if they do not follow the conditions set for them.

Output Classes that contribute to sentence options being used effectively include:

- Output Class 1: Information Services.
- Output Class 8: Services to the New Zealand Parole Board.

Further information on our performance against output class targets and measures for ensuring compliance with sentences and orders is set out in the Statement of Service Performance, on pages 89 to 152.



IN 2007/08 we improved our contribution to the end outcome of 'Sentence Options are used Effectively' in the following way:

CRIMINAL JUSTICE REFORM BILL CHANGES IMPLEMENTED

Following the new sentencing structure resulting from the Criminal Justice Reform Bill introduced in October 2007, we revised our approach to the provision of information to ensure that the judiciary receive the necessary information to enable them to impose the new sentences, and to minimise the number of sentencing hearings required.

Much of the detailed assessment of offenders' needs will now be completed at the post-sentencing stage. Assessments carried out at the pre-sentencing stage are targeted towards assessing information required by the judiciary to make decisions about the appropriate sentence(s) and any special condition(s) to be imposed.

OUTCOME INDICATORS

We are further developing outcome indicators for our end and intermediate outcomes which will link to the Department's output performance measures.

MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT

Change poses strategic challenges to the Department that, if unmanaged, can potentially constrain the Department's ability to achieve its outcomes. The Department manages its business, and implements projects, to address these challenges to ensure they do not compromise its role in improving public safety.

We actively managed a number of strategic challenges during the year that were identified in the 2007/08 Statement of Intent.

With the rapid increase in the number of community-based offenders, and the continued growth in the prison population (particularly those with higher security needs) **operational capacity** remains a continual challenge. We have successfully recruited additional staff to manage the increase in the number of offenders; however it takes time for new staff to come fully up to speed with their work. This inevitably puts pressure on the workloads of our staff. Within prisons, new facilities that have been added in recent years have only kept up with the growth in the prison population, and future projections of growth in the prison population indicate that the capacity within our prisons will continue to be of concern. This is exacerbated by the changing profile of our prison population towards a greater proportion of prisoners requiring higher security facilities.

We managed the **introduction of a new range of community-based sentences** which saw not only the range and complexity of sentences and orders increase, but also resulted in a rapid increase in the number of community-based offenders. Information on actions we implemented to manage this can be found on page 9.

We improved the **effective rehabilitation and reintegration of offenders** by reviewing a number of our activities in this area, and implemented changes to the programmes we offer. This work is outlined on pages 12 to 17.

We expanded the work we do in the area of **addiction services**. This included working with the Ministry of Health to provide drug and alcohol services to community-based offenders, and opening two new Drug Treatment Units to provide services to prisoners. More information on this work can be found on page 14.

Public trust and confidence in Corrections is important because it provides assurance that we are improving public safety. Given the sensitive and sometimes controversial issues we deal with on a daily basis, we are never far from the media spotlight. We have received some harsh public scrutiny in recent years when things have gone wrong. However, the improvements outlined throughout this report demonstrate that we work hard to ensure that if a mistake is made, we learn from that mistake and implement improvements to minimise the chance of it reoccurring.

We have made significant steps forward in the area of **sustainable development** covering many facets of our work. These steps are outlined on pages 37 to 38.

We are now much better prepared to manage the impact of an **influenza pandemic**. Well tested plans and sufficient stocks of personal protective equipment are in place which will help us to deliver critical services if an influenza pandemic should occur. More details on our pandemic planning is provided on page 34.



ASSESSING ORGANISATIONAL HEALTH AND CAPABILITY

It is our people who make the vision real and who achieve our outcomes. A strong people culture aligned to our values motivates staff to make the best decisions by approaching their work with the Department's outcomes in mind.

Our people capability needs to be backed up by good infrastructure – strong information technology, fit for purpose physical assets, and strong business processes and quality assurance.

STRONG CAPABILITY IS WHEN:

- staff express their understanding of their role in the Department and how they can make a difference
- we see reduction in the numbers and lengths of vacancies
- an increasing number of existing staff gain seniority and move into leadership positions
- we have better integration across the Department's Services, with less duplication and better information flows
- more staff are confident when working with Māori communities, whānau, hapū and iwi
- staff feel supported by the supporting infrastructure, including physical assets, information technology and business systems and processes.

IN 2007/08, we improved capability in the following ways:

WE STRESSED THE IMPORTANCE OF LEADERSHIP

The growth in offenders managed by the Department means that we have had to recruit large numbers of staff. Whilst new staff bring fresh ideas and enthusiasm, it is an unavoidable fact that many of our staff lack experience. Our work is complex and much of it needs to be learned on the job. Many leadership roles require experience, it is therefore critical for us to grow and support leaders within the Department.

In May 2008, we held a Leaders Forum to launch the 2008-13 Strategic Business Plan, where a strong expectation was set for leaders to work with their teams to translate the key themes and ideas of the plan into tangible actions. A key focus of capability development will be motivating and equipping leaders to do this well.

WE TOOK THE 'PULSE' OF THE CULTURE AT CORRECTIONS

Organisational culture comprises the attitudes, experiences, beliefs and values of an organisation which are shared by its people and groups that control the way they interact with each other and with stakeholders outside the organisation.

The Department's aim is that its culture will be understood and lived by staff, and will be recognised as the core driver of the Department's success. The Department is currently working on defining the organisational culture that will support the achievement of its vision and outcomes as set out in the Department's 2008-2013 Strategic Business Plan.

During 2007/08, we initiated the Culture in Corrections project to develop practical strategies to improve organisational culture, focussing on leadership and management style, integrity issues and organisational values, and how staff work with one another. The Department has committed itself to identifying what its weakest points are and improving them.

Following on from focus groups with staff, we conducted a survey of all staff to gather their perceptions of their workplaces. This has provided us with a snapshot of where our strengths lie, but more importantly, areas that we can work on to improve the Department's workplaces. Leaders across the organisation will be expected to identify actions to address these improvement opportunities.

STRUCTURAL CHANGES LED TO BETTER INTEGRATION

Over recent years, the Department of Corrections has experienced unprecedented growth in the demand for its services. The Department's strategy for integrated offender management and the continuing emphasis on improving service delivery and effectiveness, has led to increasing emphasis on the integration of functions within the Department and an emphasis on doing what works.

During 2007/08, we implemented a major reorganisation of the head office structure in order to realign functions under a shared services model. We also implemented a consistent regional structure across the Department's Groups and Services

Further details of the Department's structure and the role of each Service and Group are available on the Department's website at www.corrections.govt.nz/about-us/structure.html

WE STRENGTHENED OUR CAPABILITY TO SUCCEED WITH MĀORI OFFENDERS

Whilst a large percentage of Māori never enter the corrections system, it is a fact that approximately half of the offender population is Māori. It is critical that we work together with our partners to succeed with Māori offenders.

In 2007/08 we developed the Māori Strategic Plan in consultation with our staff across the Department. The plan outlines how we can succeed with Māori to achieve the vision, outcomes and priorities of our Strategic Business Plan.

We have a real strength in the fact that a quarter of our staff are Māori – one of the highest representations in the public sector. We provide an environment which is responsive to the needs of Māori staff and provides opportunities to improve the knowledge and skills of non-Māori staff so they can be effective when working with Māori staff and Māori offenders.

During the year, the Chief Executive met frequently with his Māori Advisory Group for advice on how we can better succeed for Māori offenders. Staff also work very closely with local iwi to ensure we are being effective with Māori.

The Māori Initiatives Pathway is a collection of assessments, interventions, policies and support systems, for both offenders and staff. Supporting mechanisms for the pathway are a collection of policies and staff support services not directly related to the offender management process, including Kaiwhakamana Visitor Policy, Cultural Supervision, Kia Mau, Te Reo Strategy, FreMO (Framework for Reducing Māori Offending) and the Whānau Involvement Plan.

Managers who participate in the Management at Corrections Programme are provided with specific training in cultural awareness. This programme demonstrates how core Māori concepts can be applied in the workplace to ensure we are responsive to Māori needs.

We continued to implement our Te Reo Strategy – a four year strategy to support and encourage staff in developing their Māori language skills. By building our Te Reo skills, we can be more effective when working with Māori – iwi, hapū and whānau, in community groups, service providers, other agencies and with Māori offenders.

To support the development of Māori leaders, we piloted Amohia Ai – a mentoring programme for Māori staff. Feedback from recipients of the mentoring demonstrates that they feel more confident and supported in taking on the challenge of being a leader in the Department. There has been strong support for the continuation of the programme into business as usual.

“The nature of our work and the need for us to be positive role models for offenders means our staff must meet very high professional and ethical standards.”

We also undertook a review of our Māori advisory capacity and capability, to ensure that the structure, roles and activities of our Māori-related positions are aligned to our strategic goals. Structural changes resulting from this review will be implemented in 2008/09.

WE CELEBRATED OUR PEOPLE WHO BEST DEMONSTRATE PRIDE

The Department's values are known by its acronym PRIDE. These values aim to create and maintain an organisational culture that promotes the highest standards of professionalism and integrity.

- Professionalism.
- Responsiveness.
- Integrity.
- Diversity.
- Efficiency and effectiveness.

The Chief Executive's PRIDE Award is presented annually to staff who demonstrate the Department's values through outstanding and exceptional actions and behaviours. In March 2008, 16 staff received the 2007 Chief Executive's PRIDE Award for their high standards of excellence and effectiveness.

WE STRESSED THE IMPORTANCE OF INTEGRITY

All public servants have a responsibility to meet the standards of integrity and conduct set out in the Public Service Code of Conduct, issued by the State Services Commission in terms of its authority under the State Sector Act 1988.

The nature of our work and the need for us to be positive role models for offenders means our staff must meet very high professional and ethical standards. Our Code of Conduct is designed to ensure the Department's standards are not compromised by inappropriate behaviour that may undermine respect for the Department and its employees.

During 2007/08, we established the Professional Standards Unit, tasked with investigating rare instances of alleged corruption and criminal offending by Corrections staff, pro-actively identifying and acting on integrity risk issues and providing training and education to management and staff.

CHALLENGING RECRUITMENT TARGETS WERE MET

We recruited large numbers of staff to meet the growth in the number of offenders that we manage, the introduction of new community-based sentences and the commissioning of new prison facilities.

During 2007/08, recruitment was required for two new prison facilities; the Otago Corrections Facility and the Spring Hill Corrections Facility. The Department was successful in recruiting all the staff required to have the Otago Corrections Facility operating at normal capacity in mid-October 2007, one month earlier than planned. At Spring Hill Corrections Facility, the recruitment was in line with the planned build up of the prison population.

Our recruitment activities have been successful through solid recruitment practices, teamed with innovative approaches to attract potential candidates.

WE INVESTED IN OUR PEOPLE

Providing learning and development opportunities for all staff is essential for ensuring the competent delivery of the Department's core business. Our priority over the past five years has been to focus on the recruitment and initial training of sufficient frontline staff to meet a significant growth in offender numbers.

A significant proportion of our frontline workforce require intensive training prior to deployment, and high levels of subsequent supervision before becoming competent enough to handle a full range of duties. Due to the technical and specialist content of this training, it can only be provided by the Department.

During 2007/08, we delivered a large range of in-house annual training programmes to strengthen the learning and development of our staff and continued developing, reviewing and refining these training programmes to meet the growth in the number of new staff.

WE WORKED TO REDUCE STAFF TURNOVER

With so many new staff, it is important for us to retain staff with experience and skills that can only be learned on the job. Overall, staff turnover for the Department has remained relatively static over the last four years at 12 to 14 per cent. Further information on the percentage of staff turnover is available on page 36.

During 2007/08, we implemented a number of initiatives to reduce turnover rates including changes to terms and conditions of employment agreed through collective bargaining, initiating the culture change project and improving management capability. A standardised Department-wide exit interview process has been introduced to improve our understanding of the factors contributing to staff resignations.

Longer term, our work on the Culture at Corrections project and the development opportunities we provide to our leaders and our staff will contribute to minimising staff turnover.

OUR COMMITMENT TO EQUAL EMPLOYMENT OPPORTUNITIES

We are committed to equal opportunities in all our employment policies and procedures. Equal employment opportunities include all areas of the Department's human resource policies, particularly recruitment, selection and appointment practices, training, career performance management, conditions of employment and the work environment. All staff, regardless of gender, race, marital status, age, disability, sexual orientation, family status, religious or ethical beliefs, political opinion or union affiliation, have equal access to employment opportunities.

The Department's Equal Employment Opportunities (EEO) Policy aligns with and promotes the Government's policies on equal employment opportunity detailed in the *EEO Policy to 2010: Future Directions of EEO in the New Zealand Public Service*. This policy was superseded by the *Equality and Diversity: New Zealand Public Service Equal Employment Opportunities Policy* on 21 April 2008.

REVIEWED PAY AND EMPLOYMENT EQUITY

A joint employer-unions Committee was established in September 2007 to review pay and employment equity issues within the Department, as part of the Government's Pay and Employment Equity Plan of Action.

The focus of the Plan is to improve pay and employment equity for women throughout New Zealand and the completion of these review investigations by all public service organisations is an important first step towards that goal. Pay and employment equity exists when gender has no impact on pay and experiences at work.

The Review Committee concluded that for a large, complex and geographically dispersed organisation, the Department is positioned well in comparison to the wider Public Sector, and its starting point for creating change relating to gender equity concerns is a good one. Many positive frameworks, policies and outcomes are in place.

Some areas for improvement were identified. In general terms, the majority of these improvements related to issues that were shared by female and male staff (such as the availability of part-time work) but which impacted more on women's ability to participate within the Department.

The Committee's top five findings concerned work-life balance, flexible working options, part-time work, issues with the performance management systems and administration staff.

The Department's Executive Management Team have developed a response plan, and actions in this plan will be implemented beginning in 2008/09.

OUR COMMITMENT TO HEALTH AND SAFETY CAPABILITY

We are committed to providing healthy and safe environments for both our staff and offenders. This commitment is demonstrated by the significant improvements in health and safety results over recent years.

These results are a product of our Health and Safety Strategy 2003-08. Over the past year, we provided training for Health and Safety Committees and staff holding health and safety portfolios, trained our Health and Safety team in internal auditing to the Accident Compensation Corporation (ACC) audit level, participated in a number of wellness initiatives, improved health and safety information provided to staff, and introduced consistent reporting tools.

We also established a central Health and Safety team to improve the consistency of our Health and Safety systems through providing specialist advice and information across the Department.

We achieved primary status in the Accident Compensation Corporation Partnership Programme, a status we have maintained since 2003.

IMPLEMENTATION OF OUR DISABILITY PLAN

Each year we develop a *Disability Implementation Plan* in consultation with the Office of Disability Issues to contribute to the *New Zealand Disability Strategy 2005*.

During 2007/08, we established a Staff Disability Network. This is a voluntary network for staff that have a disability and anyone with an interest in disability issues. The Network provides a forum for mutual support, enabling staff with disabilities to share ideas and experiences and promote equality for disabled staff.

We also improved our data collection process to record the number of disabled people employed and made changes to our website to improve accessibility for disabled people.

OUR REPORT ON REDUCING INEQUALITIES

The Department of Corrections is one of 13 government departments required to report on reducing inequalities (*Reducing Inequalities: Next Steps Report to Cabinet 2004*). For the Department, reducing inequalities means focusing on the following government outcomes:

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

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

Given the outcomes outlined above underpin our own end outcomes, this Annual Report as a whole is in effect the Department's Reducing Inequalities Annual Report for 2007/08.

UPGRADED OUR INFORMATION TECHNOLOGY

We have information technology and knowledge management strategies that guide the management of technology and information within the Department. Our information technology direction is also influenced by the wider E-government and Justice Sector Information Strategies.

In 2007/08 we continued to develop the Integrated Offender Management System (IOMS) to support the Government's Effective Interventions initiatives and to improve decision-making regarding the separation of prisoners during escorts. We are currently upgrading IOMS to .Net technology so we can quickly build, deploy, manage, and use connected, security-enhanced solutions with web services.

We supported the implementation of the second year of the new Justice Sector Information Strategy, with a focus on technology collaboration and the quality of information, including contributing to the identity management initiative. The Department also proactively ensured support and involvement in E-government initiatives, with an emphasis on joint ventures and procurement, and technology standards including identity management and common networks. The Department contributed to the restructure of the State Services Commissions' E-government unit and will be assisting with implementing a shared Government Logon Service in the coming year.

An internal Electronic Document and Record Management System (EDRMS) is also being implemented progressively as well as continual development of the Department's information assets. During 2007/08, the second phase of EDRMS was completed successfully.

WE MONITORED AND MANAGED OUR RISKS

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

Our internal control framework is based on the Committee of Sponsoring Organisations model and employs a number of separate assurance mechanisms, including the Internal Audit and Inspectors of Corrections functions plus a Professional Standards Unit that independently reviews processes within the operational services and investigates incidents and complaints.

Internal Control and Risk Management frameworks are overseen by an Assurance Board of seven members, including the Chief Executive and four external members who are independent of management. The Assurance Board is chaired by an external member and reports back on its activities in the Department's annual report. This report is attached at Appendix 2.

PANDEMIC PLANS WERE STRENGTHENED

A major emergency event such as an avian influenza pandemic, earthquake, fire or flood or from a non-emergency event such as a power outage or information technology failure would have a significant impact on both offenders and staff.

We have Business Continuity Plans which will assist us to maintain business-critical functions and recover from an event or incident where normal operations are interrupted.

In 2007/08, we improved our pandemic plans, distributed personal protective equipment to frontline sites and pre-packaged remaining equipment for issue if or when a pandemic or health crisis arises. We also provided pandemic-related training to many of our staff. These steps followed our involvement in Exercise Cruickshank – a cross-public sector exercise to test responsiveness to a pandemic event – and an internal exercise to test the effectiveness of our pandemic planning.

WE CONTINUED TO BUILD NEW ASSETS TO MANAGE THE GROWTH IN THE OFFENDER POPULATION

We manage over \$1.7 billion worth of physical assets across New Zealand. In recent years we have managed and increased our assets to accommodate a substantial increase in the offender population. The Department now operates from 20 prisons and 111 Community Probation and Psychological Service offices nation-wide.

In 2007/08 we completed the Regional Prisons Development Programme, a ten-year programme to build four new facilities incorporating 1,621 new prison beds. This programme represented one of New Zealand's largest construction projects, with construction happening at times simultaneously on four different sites.

The new facilities have been built at locations that allow prisoners wherever possible to serve their sentence close to family, whānau and other support networks. These support networks play a critical role in supporting prisoners' rehabilitation and reintegration into the community. The new facilities are located in:

- Northland – Northland Region Corrections Facility (350 beds),
- Auckland – Auckland Region Women's Corrections Facility (286 beds),
- Otago – Otago Corrections Facility (335 beds), and
- North Waikato – Spring Hill Corrections Facility (650 beds).

During 2007/08, we completed the commissioning of the Otago Corrections Facility and the construction and commissioning of the Spring Hill Corrections Facility. The first prisoners at the Otago Corrections Facility were received on 4 June 2007 and normal operating capacity was reached by mid-October 2007, ahead of the original plan of mid-November 2007. Spring Hill Corrections Facility was officially opened by the Prime Minister on 25 September 2007 and received its first prisoners on 1 November 2007.

Since late 2006 accommodation projects have been undertaken by the Department to cater for growth associated with Effective Interventions. These projects are underway to meet the demand for additional accommodation in response to growth in staffing to manage the growing community based offender population.

“The Department now operates from 20 prisons and 111 Community Probation and Psychological Service offices nation-wide.”

...AND WE RECEIVED APPROVAL TO REPLACE MT EDEN PRISON

On 14 April 2008, Cabinet approved funding for the replacement of Mt Eden Prison as part of the Budget 2008 package.

The 120-year old prison will be replaced on the existing site with multi-level accommodation buildings from 2011. Parts of the existing Mt Eden Prison building will be renovated and refurbished to provide modern office spaces by 2013. Some of the building will be put aside for possible public access as a historical site.

Preliminary site works started in early July 2008. A number of buildings and facilities need to be relocated or demolished before the main construction can begin in October 2008.

Mt Eden Prison and the Auckland Central Remand Prison, which is on the same site, will continue to operate throughout the construction period.

WE IMPLEMENTED OUR CAPITAL EXPENDITURE PROGRAMME

Capital expenditure is incurred by the Department in accordance with financial delegations from Cabinet to the Chief Executive through the Responsible Minister. We comply with the requirements of the Public Finance Act 1989, State Sector Act 1988, instructions by The Treasury and any other legislation governing our operations when incurring any capital expenditure.

Our capital expenditure programme ensures that we have the required capacity to meet demand and that our physical assets are maintained to a standard so we can effectively achieve our outcomes.

WE FOCUSED ON COST EFFECTIVENESS

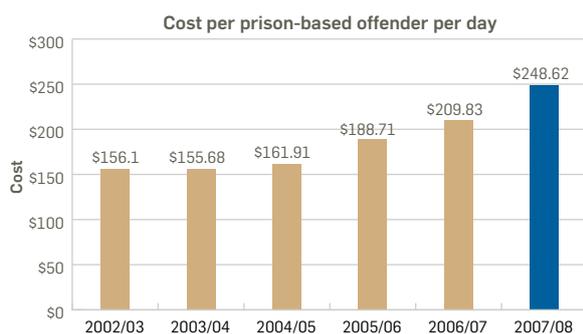
As a public sector entity funded by New Zealand taxpayers, we are very conscious of our obligation to utilise public funds efficiently and effectively. We strive to maximise our contribution to outcomes with the funding provided – thereby continuously improving the value we deliver to the New Zealand public.

We monitor our efficiency, and consider this against our effectiveness, by reviewing our performance in relation to our outcome indicators (listed in the preceding outcomes sections) and our Statement of Service Performance.

We also compare a range of indicators against comparative international correctional systems. Many of these international comparisons are included within the outcome sections of this Annual Report.

We run a very complex business so developing 'headline' measures of cost effectiveness is difficult. However, three that we do currently monitor are outlined below.

The **cost per prison-based offender per day** is an assessment of the costs of accommodating a prisoner.

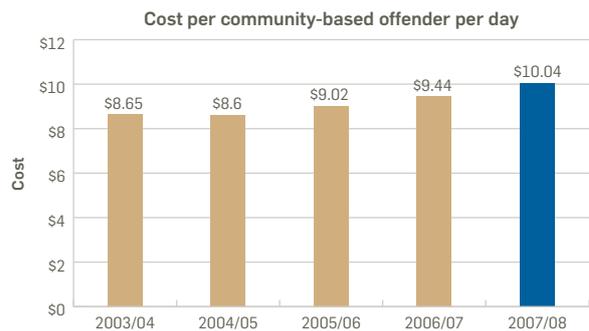


The cost per prison-based offender per day has increased steadily over the last three years mainly due to the operating cost implications (particularly increased depreciation) of the capital investment in building additional prison facilities and upgrading existing facilities.

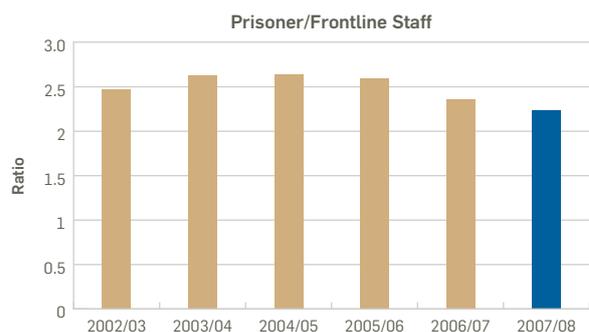
The **cost per community-based offender per day** is an assessment of the costs of managing community-based offenders. The introduction of the new sentencing structure has increased the average intensity of community-based sentences and orders and required tighter management of offenders who under previous legislation would have received a custodial sentence.

Given that the new sentencing structure was introduced part way through the year, the average cost will continue to fluctuate as we continue to build our capacity and capability to meet the growing demand.

The cost per community-based offender per day has increased by six per cent from \$9.44 in the 2006/07 financial year to \$10.04 in 2007/08.



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



OUR STAFF PROFILE

As at 30 June 2008, we employed 6,911 Full Time Equivalent (FTE) employees. The majority of additional staff, over the past five years, were a result of the new community-based sentences and the commissioning of new prison facilities. In total, including new positions and turnover amongst existing staff, the recruitment over the past five years has amounted to the addition of around 2,700 new staff.

We have improved the percentage of female staff gradually from 35 per cent in 2004 to 39 per cent in 2008, well ahead of the 2010 equal employment target of 38 per cent of female staff. The number of Māori managers

improved from 16 per cent to 20 per cent over a similar period of time, whilst the percentage of Pacific employees is also ahead of the 2010 equal employment target of eight per cent with nine per cent of Pacific staff in 2007/08.

We improved our staff retention in the past three years resulting in a significant decline in the number of staff with less than two years of experience. Over a similar period of time the number of staff with two to five years experience rose from 16 per cent in 2006 to 28 per cent in 2008.

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|--|---------|---------|---------|---------|---------|
| NUMBER OF EMPLOYEES | | | | | |
| Total number of FTE departmental employees | 4,612 | 5,111 | 5,798 | 6,451 | 6,911 |
| GENDER | | | | | |
| Percentage of female FTE managers | 31% | 33% | 32% | 36% | 37% |
| Percentage of female other FTE employees | 35% | 36% | 38% | 39% | 39% |
| Percentage of all female FTE employees | 35% | 36% | 38% | 39% | 39% |
| ETHNICITY | | | | | |
| Percentage of Māori FTE managers | 16% | 16% | 16% | 19% | 20% |
| Percentage of Māori other FTE employees | 22% | 23% | 21% | 22% | 22% |
| Percentage of all Māori FTE employees | 22% | 23% | 21% | 22% | 22% |
| Percentage of Pacific FTE managers | 2% | 2% | 3% | 4% | 3% |
| Percentage of Pacific other FTE employees | 6% | 8% | 8% | 9% | 9% |
| Percentage of all Pacific FTE employees | 5% | 7% | 8% | 8% | 9% |
| EXPERIENCE | | | | | |
| Percentage of employees with less than 2 years experience | 22% | 30% | 37% | 36% | 33% |
| Percentage of employees with 2-5 years experience | 23% | 20% | 16% | 21% | 28% |
| Percentage of employees with more than 5 years experience | 55% | 50% | 47% | 44% | 40% |
| Percentage of Corrections Officers with less than two years experience | 25% | 41% | 53% | 47% | 40% |
| Percentage of Probation Officers with less than two years experience | 27% | 26% | 32% | 45% | 46% |
| TURNOVER | | | | | |
| Percentage of FTE employee turnover | 13% | 14% | 13% | 12% | 14% |

SUSTAINABLE DEVELOPMENT

Sustainable development is about actions that maintain and mutually reinforce economic, environmental, cultural and social conditions. We support the Government in recognising that New Zealand's future prosperity depends on long-term sustainable strategies for the economy, society, environment, culture and our way of life.

Delivery of our core services contribute primarily to social and cultural sustainability. Examples include rehabilitation programmes for offenders, units that focus on specific cultural needs and initiatives that build staff capability. In order to progress our overall contribution to sustainability, we undertook specific initiatives on addressing environmental and economic sustainability.

OUR COMMITMENT TO GOVT³

We align our sustainability activities to the goals and directives of the Ministry for the Environment's Govt³ and the Carbon Neutral Public Service (CNPS) Programme. The CNPS programme focuses on moving public service agencies towards carbon neutrality. The Department is required to prepare an annual carbon inventory (foot print) and a carbon reduction plan targeting energy use, waste and transport solutions in order to reduce its carbon foot print. The Govt³ Programme focuses on four main areas where government impacts on the environment: waste, building, transport and procurement. As part of our commitment to the Government's sustainability programmes, we annually update and deliver on a Sustainable Action Plan.

Fitting solar water-heating systems to prisons and designing highly efficient hot water systems for its newest prisons have won the Department the Ministry for the Environment's 2007 Govt³ Sustainable Improvement in Energy Efficiency Award.

INTRODUCED SYSTEMS TO REDUCE OUR WASTE

During 2008, we designed and implemented a Waste Management / Recycling Programme at head office. During this process, paper recycling, desk based recycling and kitchen recycling stations were installed. Prior to implementation, a Waste Assessment was completed as means of establishing a baseline. We appointed a recycling contractor and introduced Corrnnet

(Departmental Intranet) pages with information and guidance on how to use the new recycling scheme. The system will be continually monitored with feedback from staff, cleaners, the recycling contractor and building services. This programme will run as a pilot before it is implemented across the entire Department.

INTRODUCED WAYS TO REDUCE THE IMPACT OF OUR TRAVEL

We completed a fleet management review, focussing on efficiency and sustainability issues and implemented the resulting recommendations. This fleet management review included agreement to comply with the proposed Ministry of Transport 2011 Standard for CO2 and fuel economy, taking advantage of existing syndicated procurement options for fuel and vehicle purchase, and to manage vehicle fleet in-house using a leased database to ensure progress could be measured and reported on. We plan to develop a workplace travel plan to reduce our emissions from domestic and international transport with an aim to reduce kilometres travelled by 15 per cent.

WORKED TOWARD DEVELOPMENT OF OUR ENERGY STRATEGY

We are enhancing the existing energy strategy with a view to identifying specific initiatives to reduce carbon emissions that meet the Government's sustainable development policies. Based on the Government's energy and sustainability strategies, we have now developed an energy / carbon cost picture toward 2015. The completion date for a draft strategy was extended due to the introduction of a range of government sustainability policies that needed to be worked through to understand the overall impact of these on the Department and the new energy strategy.

COMPLIANCE WITH SUSTAINABLE PROCUREMENT POLICY

We began revising our procurement rules with a view to align them with the Government's sustainability and new procurement policies. In the first quarter of the coming financial year the revised policy and rules will be finalised and consultation undertaken, prior to approval of the policy and rules by the Department's Executive Management Team.

The Department's Corporate Travel policy has been reviewed to ensure it aligned with the Government's sustainable policies and procurement guidelines. The Corporate Travel Policy will be reviewed to align the policy with the Department's Travel Plan.

IDENTIFIED WAYS TO FURTHER REDUCE OUR IMPACT ON THE ENVIRONMENT

Opportunities were identified to reduce the impact on the environment of Corrections Inmate Employment prison-based industries and, where possible, were implemented on a sector-by-sector basis. These included Engineering, Timber, Internal Services and Primary Sectors.

OUR ENVIRONMENTAL IMPACT

As one of New Zealand's largest organisations, we acknowledge that our activities have a substantial impact on the environment.

We support the Government's strategy to demonstrate government leadership on sustainability by moving the public service towards carbon neutrality.

As a participant in the Ministry for the Environment's Govt³ Programme, we report progress against key sustainable practice indicators through the completion of an annual Govt³ survey. Our performance against these practices is outlined below.

Please note: * denotes figures for head office only.

| NUMBER OF STAFF (as at 30 June) | 2007/08 |
|--|----------------|
| Total number of FTE Department employees | 6,911 |

| NUMBER OF OFFENDERS (as at 30 June) | 2007/08 |
|--|----------------|
| Prison-based offenders | 7,887 |
| Community-based offenders | 33,155 |

| ENERGY USE | 2007/08 |
|---|--------------------|
| Prisons energy use (kWh) | |
| Electricity | 40,134,942 |
| Gas | 48,242,454 |
| Coal | 2,364,977 |
| LPG | 9,774,097 |
| Diesel Heating Oil | 9,976,877 |
| Head Office energy use (kWh) | 1,502,939 |
| Community Probation centres energy use (kWh) | 4,155,364 |
| Total Energy Use | 116,151,650 |

| WASTE* | 2007/08 |
|----------------------------|----------------|
| Waste to landfill (tonnes) | 34.36 |

| FUEL CONSUMPTION (litres) | 2007/08 |
|----------------------------------|----------------|
| Petrol | 933,534 |
| Diesel | 308,008 |
| LPG | 9,974 |

| DISTANCES TRAVELLED (kms) | 2007/08 |
|----------------------------------|----------------|
| Taxi travel | 411,505 |
| Rental cars | 1,649,593 |
| Vehicles in fleet | 13,325,584 |
| Domestic flights | 13,983,045 |
| Trans-Tasman flights | 561,207 |
| International flights | 455,712 |



PART B: ANNUAL FINANCIAL STATEMENTS

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STATEMENT OF RESPONSIBILITY

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

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

In my opinion, these financial statements fairly reflect the financial position and operations of the Department for the year ended 30 June 2008.

Signed

Countersigned



Barry Matthews

Chief Executive

30 September 2008

John Bole

General Manager
Business Information & Planning

30 September 2008

AUDIT REPORT

TO THE READERS OF THE DEPARTMENT OF CORRECTIONS' FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of the Department of Corrections (the Department). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Department for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Department on pages 43 to 88:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Department's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Department on pages 89 to 152:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2008, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

Responsibilities of the Chief Executive and the Auditor

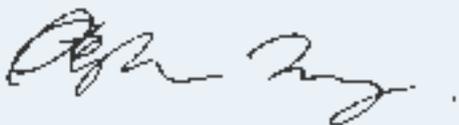
The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Department's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Chief Executive's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

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

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand. In addition to the audit we have carried out assignments in the areas of probity assurance over a number of tenders and a review of aspects of the Department's budgeting, which are compatible with those independence requirements.

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



S B Lucy

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of the Department of Corrections (the Department) for the year ended 30 June 2008 included on the Department's website. The Department's Chief Executive is responsible for the maintenance and integrity of the Department's website. We have not been engaged to report on the integrity of the Department's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 30 September 2008 to confirm the information included in the audited financial statements presented on this website.

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

STATEMENT OF FINANCIAL PERFORMANCE

For The Year Ended 30 June 2008

| 30/06/07 Actual | Notes | 30/06/08 Actual | 30/06/08 Main Estimates | 30/06/08 Supp. Estimates |
|--------------------|--------------------------------|--------------------|-------------------------------|--------------------------------|
| \$000 | | \$000 | \$000 | \$000 |
| REVENUE | | | | |
| 742,619 | Crown | 886,003 | 862,022 | 886,003 |
| 7,469 | Departmental | 7,765 | 6,169 | 8,829 |
| 29,034 | Other | 33,075 | 25,998 | 31,098 |
| 53 | Dividends | 17 | – | – |
| 2 | Interest | – | – | – |
| 779,177 | Total operating revenue | 926,860 | 894,189 | 925,930 |
| EXPENDITURE | | | | |
| 378,186 | Personnel costs | 443,020 | 449,612 | 439,316 |
| 207,486 | Operating costs | 232,083 | 212,440 | 233,635 |
| 77,318 | Depreciation and amortisation | 117,888 | 111,304 | 119,050 |
| 103,286 | Capital charge | 130,641 | 120,833 | 133,929 |
| 766,276 | Total output expenses | 923,632 | 894,189 | 925,930 |
| 12,901 | Net surplus/(deficit) | 3,228 | – | – |

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

For information on major variances against budget refer to Note 27 (page 82).

STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

For The Year Ended 30 June 2008

| 30/06/07 Actual | Notes | 30/06/08 Actual | 30/06/08 Main Estimates | 30/06/08 Supp. Estimates |
|--------------------|---|--------------------|-------------------------------|--------------------------------|
| \$000 | | \$000 | \$000 | \$000 |
| 1,274,138 | TAXPAYERS' FUNDS BROUGHT FORWARD AS AT 1 JULY | 1,730,350 | 1,665,820 | 1,730,350 |
| | Movements during the year (other than flows to and from the Crown) | | | |
| 12,901 | Add/(deduct) net surplus/(deficit) | 3,228 | – | – |
| 190,151 | Increase/(decrease) in revaluation reserves | (1,211) | – | (1,903) |
| 203,052 | Total recognised revenues and expenses for the period | 2,017 | – | (1,903) |
| | Adjustment for flows to and from the Crown | | | |
| 266,682 | Add capital contributions from the Crown during the year | 70,600 | 58,600 | 70,600 |
| (13,522) | Provision for payment of surplus to the Crown | (3,228) | – | – |
| 253,160 | Total adjustments for flows to and from the Crown | 67,372 | 58,600 | 70,600 |
| 1,730,350 | Taxpayers' funds at end of the year | 1,799,739 | 1,724,420 | 1,799,047 |

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

For information on major variances against budget refer to Note 27 (page 82).

STATEMENT OF FINANCIAL POSITION

As At 30 June 2008

| 30/06/07 Actual | Notes | 30/06/08 Actual | 30/06/08 Main Estimates | 30/06/08 Supp. Estimates | |
|--------------------------------|---|--------------------|-------------------------------|--------------------------------|------------------|
| \$000 | | \$000 | \$000 | \$000 | |
| ASSETS | | | | | |
| Current Assets | | | | | |
| 56,498 | Cash and cash equivalents | 7 | 164,761 | 14,023 | 98,510 |
| 1,643 | Prepayments | 8 | 1,988 | 625 | 1,625 |
| 7,037 | Debtors and receivables | 9 | 5,692 | 4,684 | 7,229 |
| 5,842 | Inventories | 10 | 5,911 | 5,600 | 5,600 |
| 484 | Assets held for sale | 11 | – | – | – |
| – | Investments held for sale | 12 | 1,510 | – | – |
| 71,504 | Total current assets | | 179,862 | 24,932 | 112,964 |
| Non-current assets | | | | | |
| 9,008 | Investments | 12 | 6,926 | 9,973 | 9,008 |
| 1,727,161 | Physical assets | 13 | 1,698,464 | 1,765,333 | 1,737,703 |
| 37,856 | Intangible assets | 14 | 36,363 | 31,293 | 38,439 |
| 37,844 | Biological assets | 15 | 38,304 | 40,502 | 38,062 |
| 1,811,869 | Total non-current assets | | 1,780,057 | 1,847,101 | 1,823,212 |
| 1,883,373 | Total assets | | 1,959,919 | 1,872,033 | 1,936,176 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| 73,426 | Creditors and payables | 16 | 77,075 | 88,500 | 70,000 |
| 49,474 | Employee benefit liabilities | 17 | 59,840 | 42,950 | 49,450 |
| 6,184 | Provisions | 18 | 7,745 | 4,263 | 7,279 |
| 13,522 | Provision for repayment of surplus to the Crown | | 3,228 | – | – |
| 142,606 | Total current liabilities | | 147,888 | 135,713 | 126,729 |
| Non-current liabilities | | | | | |
| 10,417 | Employee benefit liabilities | 17 | 12,292 | 11,900 | 10,400 |
| 10,417 | Total non-current liabilities | | 12,292 | 11,900 | 10,400 |
| 153,023 | Total liabilities | | 160,180 | 147,613 | 137,129 |
| TAXPAYERS' FUNDS | | | | | |
| 1,449,377 | General funds | 19 | 1,519,977 | 1,557,008 | 1,519,977 |
| 280,973 | Reserves | 19 | 279,762 | 167,412 | 279,070 |
| 1,730,350 | Total taxpayers' funds | | 1,799,739 | 1,724,420 | 1,799,047 |
| 1,883,373 | Total liabilities and taxpayers' funds | | 1,959,919 | 1,872,033 | 1,936,176 |

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

For information on major variances against budget refer to Note 27 (page 82).

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2008

| 30/06/07 Actual | Notes | 30/06/08 Actual | 30/06/08 Main Estimates | 30/06/08 Supp. Estimates |
|---|--|--------------------|-------------------------------|--------------------------------|
| \$000 | | \$000 | \$000 | \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash provided from: | | | | |
| <i>Supply of outputs to</i> | | | | |
| 742,619 | Crown Revenue | 886,003 | 862,022 | 886,003 |
| 7,469 | Departmental Revenue | 7,725 | 6,169 | 8,766 |
| 26,255 | Other Revenue | 34,163 | 26,998 | 30,969 |
| 4,101 | Goods and Services Tax (net)* | 4,085 | – | (2,493) |
| Cash disbursed to: | | | | |
| (368,225) | Personnel | (426,651) | (450,962) | (435,487) |
| (201,007) | Operating | (216,791) | (211,090) | (237,083) |
| (103,286) | Capital charge | (130,641) | (120,833) | (133,929) |
| 107,926 | Net cash flows from operating activities | 157,893 | 112,304 | 116,746 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Cash provided from: | | | | |
| 55 | Interest and dividends | 17 | – | – |
| 83 | Sale of investments | 430 | – | – |
| 754 | Sale of physical, biological and intangible assets | 1,381 | 1,450 | 1,450 |
| Cash disbursed to: | | | | |
| (337,674) | Purchase of physical assets, biological and intangible assets ** | (108,536) | (177,589) | (133,262) |
| (336,782) | Net cash flows from investing activities | (106,708) | (176,139) | (131,812) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Cash provided from: | | | | |
| 266,682 | Capital contribution from the Crown | 70,600 | 58,600 | 70,600 |
| Cash disbursed to: | | | | |
| (1,372) | Payment of surplus to the Crown | (13,522) | – | (13,522) |
| 265,310 | Net cash flows from financing activities | 57,078 | 58,600 | 57,078 |
| 36,454 | Net increase/(decrease) in cash and cash equivalents held | 108,263 | (5,235) | 42,012 |
| 20,044 | Opening total cash and cash equivalents balances at 1 July | 56,498 | 19,258 | 56,498 |
| 56,498 | Closing cash and cash equivalents balances as of 30 June | 164,761 | 14,023 | 98,510 |

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

** During the period, the Department acquired no property, plant and equipment by means of finance leases (2007: nil).

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 27 (page 82).

STATEMENT OF COMMITMENTS

As At 30 June 2008

Lessee Commitments

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

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

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|---|--------------------------|-----------------------------|
| Non-cancellable accommodation leases | | |
| 8,365 | Less than one year | 9,195 |
| 18,414 | One to five years | 16,376 |
| 5,226 | More than five years | 4,615 |
| 32,005 | | 30,186 |
| Commitments arising from other contracts | | |
| 24,217 | Less than one year | 30,841 |
| 28,721 | One to five years | 26,619 |
| – | More than five years | – |
| 52,938 | | 57,460 |
| Capital commitments | | |
| 37,421 | Less than one year | 65,535 |
| 1,406 | One to five years | 27,036 |
| – | More than five years | 25,936 |
| 38,827 | | 118,507 |
| 123,770 | Total commitments | 206,153 |

The increase in capital commitments is primarily due to the commencement of the Mt Eden Redevelopment Project. Other smaller movements include the completion of the contract for Spring Hill Corrections Facility and a new commitment related to the Rimutaka Infrastructure Project.

Lessor Commitments

The Department has operating leases for some of its premises. The operating leases are for board and rent. These totals are reported as part of other revenue.

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

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As At 30 June 2008

CONTINGENT LIABILITIES

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|-----------------------------|-------------------------------------|-----------------------------|
| 4,421 | Legal proceedings | 3,063 |
| 1,002 | Personal grievances | 782 |
| 5,423 | Total contingent liabilities | 3,845 |

Legal proceedings – The Department was defending 25 legal proceedings claims by prisoners and external parties as at 30 June 2008. They cover a range of areas, including breach of the NZ Bill of Rights Act 1990 and breach of contract.

Personal grievances – The Department was also defending 68 employment related claims made by staff members.

UNQUANTIFIED CLAIMS

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

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

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

CONTINGENT ASSETS

The Department does not have any contingent assets as at 30 June 2008. (2007: Nil).

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

STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

For The Year Ended 30 June 2008

| | 30/06/08 Expenditure Actual \$000 | 30/06/08 Appropriation Voted** \$000 |
|--|--|---|
| VOTE: CORRECTIONS | | |
| Appropriations for classes of outputs | | |
| Information Services | 41,370 | 41,176 |
| Community-based Sentences and Orders | 105,733 | 105,149 |
| Custody of Remand Prisoners | 128,652 | 128,061 |
| Escorts and Custodial Supervision | 11,457 | 12,179 |
| Custodial Services | 521,598 | 523,394 |
| Prisoner Employment | 45,151 | 45,067 |
| Rehabilitative Programmes and Reintegrative Services | 57,201 | 56,928 |
| Services to the New Zealand Parole Board | 6,560 | 7,213 |
| Policy Advice and Development | 4,652 | 4,949 |
| Service Purchase and Monitoring | 1,675 | 1,814 |
| Total Departmental Output Expenditure | 924,049 | 925,930 |
| Remeasurements* | (621) | – |
| Total Departmental Expenditure | 923,428 | 925,930 |
| Capital Injections | 70,600 | 70,600 |

* Remeasurements relate to the forestry revaluation of \$3.021 million, the livestock revaluation of (\$4.034 million) and the long service and retirement leave valuation of \$0.392 million. As per section 4(2) of the Public Finance Act 1989, "Expense does not include an expense that results from (a) a remeasurement of an asset or liability".

** These amounts include adjustments made in the Supplementary Estimates and a Section 26A transfer.

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

STATEMENT OF UNAPPROPRIATED EXPENDITURE

For The Year Ended 30 June 2008

| 30/06/07 Unappropriated Expenditure \$000 | 30/06/08 Expenditure Actual \$000 | 30/06/08 Appropriation Voted \$000 | 30/06/08 Unappropriated Expenditure \$000 |
|--|--|---|--|
| VOTE: CORRECTIONS | | | |
| Appropriations for classes of outputs | | | |
| – Information Services | 41,370 | 41,176 | 194 |
| – Community-based Sentences and Orders | 105,733 | 105,149 | 584 |
| – Custody of Remand Prisoners | 128,652 | 128,061 | 591 |
| – Escorts and Custodial Supervision | 11,457 | 12,179 | – |
| – Custodial Services | 521,598 | 523,394 | – |
| – Prisoner Employment | 45,151 | 45,067 | 84 |
| – Rehabilitative Programmes and Reintegrative Services | 57,201 | 56,928 | 273 |
| – Services to the New Zealand Parole Board | 6,560 | 7,213 | – |
| – Policy Advice and Development | 4,652 | 4,949 | – |
| – Service Purchase and Monitoring | 1,675 | 1,814 | – |
| – Total | 924,049 | 925,930 | 1,726 |

EXPENSES APPROVED UNDER SECTION 26B OF THE PUBLIC FINANCE ACT 1989

Additional expenditure of \$5.355 million for long service leave was incurred due to the changes in common leave provisions announced by Cabinet during May 2008 (CBC (08)173 refers). Due to the timing of the Cabinet approval, it was not able to be included in the Supplementary Estimates. The impact of the additional provision in long service leave entitlements resulted in the Department exceeding its appropriations for 2007/08 across five output classes.

The unappropriated expenditure has been approved by the Minister of Finance in terms of Section 26B of the Public Finance Act 1989.

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

STATEMENT OF TRUST MONIES

For The Year Ended 30 June 2008

| Account | As at 01/07/07 \$000 | Contribution \$000 | Distribution \$000 | As at 30/06/08 \$000 |
|-----------------------|----------------------------|-----------------------|-----------------------|----------------------------|
| Prison Trust Accounts | 841 | 14,611 | (14,186) | 1,266 |
| | 841 | 14,611 | (14,186) | 1,266 |

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2008

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

The financial statements of the Department of Corrections are for the year ended 30 June 2008. The financial statements were authorised for issue by the Chief Executive of the Department of Corrections on 30 September 2008.

BASIS OF PREPARATION

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

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 28 'Explanation of Transition to NZ IFRS'.

The reconciliation of net surplus/ (deficit) is also presented for comparison purposes. The reconciliations are detailed in note 28 'Explanation of Transition to NZ IFRS'.

STANDARDS AND INTERPRETATION ISSUED AND NOT YET ADOPTED

There are no standards, interpretations or amendments that have been issued, but are not yet effective, that the Department has not yet applied.

REPORTING PERIOD

The reporting period covers the 12 months from 1 July 2007 to 30 June 2008. Comparative figures for the year ended 30 June 2007 are provided.

MEASUREMENT SYSTEM

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

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

ACCOUNTING POLICIES

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

These are the Department's first NZ IFRS financial statements and NZ IFRS 1 has been applied.

The Department does not qualify for differential reporting exemptions.

The accounting policies have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS Statement of Financial Position as at 1 July 2006 for the purpose of transition to NZ IFRS.

REVENUE

Revenue – Crown

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

Revenue – External Sales

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

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

Revenue – Interest

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

Revenue – Dividends

Revenue from dividends is recognised when the shareholders right to receive payment is established.

DEPRECIATION AND AMORTISATION

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

Depreciation

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

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

The useful life of buildings is reassessed following any revaluation.

Where the fixed term of a lease is for less than ten years, excluding rights of renewal, leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Amortisation

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

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

OPERATING LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS

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

DEBTORS AND RECEIVABLES

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

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

INVENTORY

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

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

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

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

ASSETS HELD FOR SALE

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

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

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

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

PHYSICAL ASSETS

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence, except for prison buildings, which are valued at optimised depreciated replacement cost. Land and buildings are revalued at least every two years. Additions between revaluations are recorded at cost. The two-year cycle is subject to a reasonableness test on an annual basis to ensure it does not result in material differences in fair value.

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

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

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

Additions

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

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

Disposals

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

Subsequent Costs

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

INTANGIBLE ASSETS

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

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

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

Intangible assets are tested for impairment where an indicator arises.

Software Acquisition and Development

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

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

BIOLOGICAL ASSETS

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

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

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

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

The Department's biological assets are forests and livestock.

Forests

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

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

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

Livestock

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

Gains and losses due to changes in the per head value of the livestock at balance date are taken to the Statement of Financial Performance.

Gains and losses due to changes in livestock numbers are taken directly to the Statement of Financial Performance.

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

INVESTMENTS

Investments are valued at fair value as held for sale. Investments arise from the Department's dealings with companies in the farming industry.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

EMPLOYEE BENEFITS

Short-term benefits

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

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

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

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

Long-term benefits

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

The calculations are based on:

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

SUPERANNUATION SCHEMES

Defined Contribution Schemes

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

Defined Benefit Schemes

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

Termination Benefits

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

ONEROUS CONTRACTS

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

PROVISIONS

The Department recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

ACC PARTNERSHIP PROGRAMME

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

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

The value of the liability is measured at the present value of the future payments for which the Department has responsibility using a risk free discount rate. The value of the liability includes a risk margin that represents the inherent uncertainty of the present value of the expected future payments.

COMMITMENTS

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

CONTINGENT LIABILITIES

Contingent liabilities are disclosed at the point at which the contingency is evident and for each class of contingent liability at the balance sheet date a brief description of the nature of the contingent liability is provided.

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

TAXPAYERS' FUNDS

Taxpayers' Funds represents the Crown's net investment in the Department.

Taxpayers' Funds are measured as the difference between total assets and total liabilities. Taxpayers' Funds are classified into:

- general funds
- asset revaluation reserves

STATEMENT OF CASH FLOWS

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

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

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

FOREIGN CURRENCY

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

FINANCIAL INSTRUMENTS

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

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

TAXATION

Income Tax

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

Goods and Services Tax (GST)

The Statement of Financial Position is exclusive of GST except for creditors and payables and debtors and receivables, which are GST inclusive. All other statements are GST exclusive. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The 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 and debtors and receivables.

Commitments and contingent liabilities are disclosed exclusive of GST.

The movement in GST payable or receivable is recognised as a separate cash flow line item.

BUDGET FIGURES

The budget figures are those presented in the Statement of Intent for the year ended 30 June 2008 which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates.

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

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

The Department has identified no estimates, assumptions and critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

TERMINOLOGY

The terms Statement of Financial Performance, Statement of Financial Position, and surplus/deficit are appropriate equivalents to IFRS terminology as outlined in NZ IAS 1.

EXPLANATIONS

NZ IAS 1.36 requires comparative information to be disclosed in respect of the previous period for all amounts reported in the financial statements. Comparative information shall also be included for narrative information when it is relevant to an understanding of the current period's financial statements.

NOTES

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

CHANGES IN ACCOUNTING POLICIES

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

COST ACCOUNTING POLICIES

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

COST ALLOCATION

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

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

CHANGES IN COST ACCOUNTING POLICIES

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

NOTE 2: OTHER REVENUE

| 30/06/07 | | 30/06/08 | 30/06/08 | 30/06/08 |
|-----------------|----------------------------|-----------------|------------------|------------------|
| Actual | | Actual | Main | Supp. |
| \$000 | | \$000 | Estimates | Estimates |
| | | | \$000 | \$000 |
| 26,961 | External sales | 30,529 | 23,974 | 29,085 |
| 1,502 | Board and rents | 1,643 | 1,719 | 1,500 |
| 241 | Profit on sale of assets | 204 | – | – |
| 330 | Miscellaneous | 699 | 305 | 513 |
| 29,034 | Total other revenue | 33,075 | 25,998 | 31,098 |

NOTE 3: PERSONNEL COSTS

| 30/06/07 | | 30/06/08 | 30/06/08 | 30/06/08 |
|-----------------|--|-----------------|------------------|------------------|
| Actual | | Actual | Main | Supp. |
| \$000 | | \$000 | Estimates | Estimates |
| | | | \$000 | \$000 |
| 361,060 | Salaries and wages | 423,463 | 436,097 | 421,351 |
| 621 | Government Superannuation Fund (GSF) contribution expense | 578 | 550 | 550 |
| 6,024 | State Sector Retirement Savings Scheme (SSRSS) & KiwiSaver employer contribution | 6,738 | 6,629 | 7,379 |
| 7,634 | Annual leave | 5,220 | 4,589 | 7,730 |
| 2,792 | Retirement and long service leave | 6,848 | 1,747 | 2,306 |
| 55 | Sick leave | 173 | – | – |
| 378,186 | Total personnel costs | 443,020 | 449,612 | 439,316 |

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

The retiring and long service leave includes a remeasurement of (\$0.392 million) due to a change in discount rates between 30 June 2007 and 30 June 2008, and an increase in provision for long service leave due to changes in common leave provisions announced by Cabinet during May 2008.

NOTE 4: OPERATING COSTS

| 30/06/07 Actual | | 30/06/08 Actual | 30/06/08 Main Estimates | 30/06/08 Supp. Estimates |
|--------------------|---|--------------------|-------------------------------|--------------------------------|
| \$000 | | \$000 | \$000 | \$000 |
| 11,856 | Operating lease rentals | 13,416 | 12,801 | 12,801 |
| 270 | Audit fees for financial statements' audit | 284 | 284 | 284 |
| 23 | Audit Fees for NZ IFRS Transition | 18 | – | 18 |
| 63 | Fees to auditors for other services provided | 133 | – | 7 |
| 46,388 | Facilities maintenance | 51,012 | 45,302 | 51,366 |
| 64,630 | Offender management costs | 72,443 | 59,512 | 73,108 |
| 10,220 | Computer costs | 11,004 | 9,592 | 10,390 |
| 11,962 | Contract management * | 15,342 | 15,565 | 15,565 |
| 32,104 | Administration | 37,247 | 38,456 | 34,344 |
| 233 | Receivables written off during period | 83 | – | – |
| 1,858 | ACC Partnership Programme | 866 | – | – |
| 9,287 | Inventory expenses | 8,561 | 10,034 | 9,186 |
| 16,984 | Other operating costs | 19,499 | 20,894 | 26,566 |
| 479 | Biological assets revaluation | 294 | – | – |
| 1,129 | Loss on sale or disposal of physical, intangible and biological assets | 1,881 | – | – |
| 207,486 | Total operating costs | 232,083 | 212,440 | 233,635 |

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

NOTE 5: DEPRECIATION AND AMORTISATION

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | 30/06/08 Main Estimates \$000 | 30/06/08 Supp. Estimates \$000 |
|--|---|--|--|---|
| DEPRECIATION | | | | |
| 55,577 | Buildings | 92,564 | 87,200 | 94,082 |
| 1,264 | Leasehold improvements | 1,381 | 1,200 | 1,238 |
| 2,968 | Plant and equipment | 3,904 | 4,800 | 4,000 |
| 1,025 | Furniture and fittings | 1,689 | 1,700 | 1,850 |
| 4,003 | Computer hardware | 4,648 | 2,000 | 3,100 |
| 3,478 | Motor vehicles | 3,693 | 3,600 | 4,200 |
| 68,315 | Depreciation charge | 107,879 | 100,500 | 108,470 |
| AMORTISATION | | | | |
| 9,003 | Computer software | 10,009 | 10,804 | 10,580 |
| 9,003 | Amortisation charge | 10,009 | 10,804 | 10,580 |
| 77,318 | Total depreciation and amortisation charge | 117,888 | 111,304 | 119,050 |

NOTE 6: CAPITAL CHARGE

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

The capital charge rate for the year ended 30 June 2008 was 7.5 percent per annum (2007: 7.5 percent).

NOTE 7: CASH AND CASH EQUIVALENTS

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|--|--|--|
| 56,498 | Cash and bank balances | 164,761 |
| 56,498 | Total cash and cash equivalents | 164,761 |

The Department is not permitted to invest surplus cash balances. Only Treasury has the power to invest surplus cash.

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

The Department currently has three departmental bank accounts.

NOTE 8: PREPAYMENTS

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|--|----------------------------|--|
| | Current Portion | |
| 1,643 | Prepayments | 1,988 |
| | Non-current Portion | |
| – | Prepayments | – |
| 1,643 | Total prepayments | 1,988 |

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

NOTE 9: DEBTORS AND RECEIVABLES

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|--|--|--|
| | Current portion | |
| 4,613 | Trade debtors – external | 3,343 |
| 295 | Trade debtors – employees | 273 |
| (52) | Less: Provision for doubtful debts | (145) |
| 4,856 | Trade debtors – external and employees | 3,471 |
| 2,181 | Trade debtors – other Government entities | 2,221 |
| 2,181 | Trade debtors – other Government entities | 2,221 |
| | Non-current Portion | |
| – | Trade debtors | – |
| 7,037 | Total debtors and receivables | 5,692 |

The carrying value of trade debtors approximates their fair value. The Department does not make loans to employees other than minor salary/travel advances and salary overpayments. There were no loans outstanding to related parties.

There is minimal credit risk with respect to receivables outside the Department, as the Department has a spread of external customers.

The Department's terms of credit are that payment is due on the 20th of the month following the date of invoice. No further extension of credit is permitted.

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

As at 30 June 2007 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

| | 30/06/07 | | | 30/06/08 | | |
|---------------------|----------------|---------------------|--------------|----------------|---------------------|--------------|
| | \$000 Gross | \$000 Impairment | \$000 Net | \$000 Gross | \$000 Impairment | \$000 Net |
| Not past due | 6,369 | – | 6,369 | 5,013 | (79) | 4,934 |
| Past due 1-30 days | 328 | – | 328 | 359 | – | 359 |
| Past due 31-60 days | 54 | – | 54 | 85 | (6) | 79 |
| Past due 61-90 days | 1 | (1) | – | 2 | (1) | 1 |
| Past due > 91 days | 337 | (51) | 286 | 378 | (59) | 319 |
| | 7,089 | (52) | 7,037 | 5,837 | (145) | 5,692 |

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

Those specific debtors that are insolvent are fully provided for. As at 30 June 2008 the Department has identified no debtors (2007: Nil) that are insolvent.

Movements in the provision for doubtful debts are as follows:

| 30/06/07 | | 30/06/08 |
|-----------|---|------------|
| Actual | | Actual |
| \$000 | | \$000 |
| 282 | Balance brought forward | 52 |
| (10) | Change in receivables provisions made during the year | 93 |
| (220) | Receivables written off during period | – |
| 52 | Carrying amount of impairment | 145 |

NOTE 10: INVENTORIES

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

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

NOTE 11: ASSETS HELD FOR SALE

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|-----------------------------|-----------------------------------|-----------------------------|
| 474 | Freehold land | – |
| 10 | Buildings | – |
| 484 | Total assets held for sale | – |

NOTE 12: INVESTMENTS

Investments are valued at fair value as available for sale financial instruments. Investments arise from the Department's dealings with companies in the farming industry.

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

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|-----------------------------|----------------------------|-----------------------------|
| | Current portion | |
| – | Investments held for sale | 1,510 |
| | Non-current portion | |
| 9,008 | Investments | 6,926 |
| 9,008 | Total investments | 8,436 |

NOTE 13: PHYSICAL ASSETS

Freehold land and buildings were valued at fair value as at 30 June 2007 by an independent registered valuer, *valuersnet.NZ*. This valuation was certified by M W Lauchlan ANZIV SNZPI.

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

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

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

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

The Department currently holds residential properties that were purchased in the 1960's. The core intention of holding these properties was to entice staff to move to rural areas and work at the Department's Prisons. The rental income that is received from these properties is incidental, as opposed to being held for rental income or capital gains. The Department is currently reviewing the future intention and strategic purpose of these assets, with the view to potentially selling these properties. The current net book/market value of these properties is \$3.185 million (2007: \$3.488 million).

| | Land | Buildings | Leasehold Improvements | Plant & Equipment | Furniture & Fittings | Computer Hardware | Motor Vehicles | Total Physical Assets |
|---|----------------|------------------|------------------------|-------------------|----------------------|-------------------|-----------------|-----------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cost or Valuation | | | | | | | | |
| Balance 1 July 2006 | 112,061 | 679,791 | 10,939 | 31,961 | 7,895 | 29,491 | 34,846 | 906,984 |
| Additions | 570 | 322,433 | 954 | 3,668 | 1,391 | 2,839 | 4,983 | 336,838 |
| Revaluation Increase | 28,916 | 162,200 | - | - | - | - | - | 191,116 |
| Assets Held for Sale | (474) | (10) | - | - | - | - | - | (484) |
| Disposals / Transfers | (6) | 54 | (37) | (1,514) | (361) | (188) | (3,005) | (5,057) |
| Cost or Valuation at 30 June 2007 | 141,067 | 1,164,468 | 11,856 | 34,115 | 8,925 | 32,142 | 36,824 | 1,429,397 |
| Add: Movements | | | | | | | | |
| Additions | 791 | 391,563 | 3,008 | 9,115 | 3,120 | 9,601 | 5,207 | 422,405 |
| Revaluation Increase | - | - | - | - | - | - | - | - |
| Assets Held for Sale | - | - | - | - | - | - | - | - |
| Disposals / Transfers | 239 | (252) | (1,743) | (2,565) | (465) | (79) | (2,772) | (7,637) |
| Cost or Valuation at 30 June 2008 | 142,097 | 1,555,779 | 13,121 | 40,665 | 11,580 | 41,664 | 39,259 | 1,844,165 |
| Accumulated Depreciation and Impairment Losses | | | | | | | | |
| Balance 1 July 2006 | - | (42,742) | (4,974) | (19,903) | (5,418) | (21,085) | (19,991) | (114,113) |
| Depreciation Expense | - | (55,577) | (1,264) | (2,968) | (1,025) | (4,003) | (3,478) | (68,315) |
| Disposals / Transfers | - | (45) | 15 | 1,411 | 355 | 191 | 2,437 | 4,364 |
| Revaluation | - | 98,364 | - | - | - | - | - | 98,364 |
| Assets Held for Sale | - | - | - | - | - | - | - | - |
| Impairment Losses | - | - | - | - | - | - | - | - |
| Accumulated Depreciation and Impairment Losses at 30 June 2007 | - | - | (6,223) | (21,460) | (6,088) | (24,897) | (21,032) | (79,700) |

| | Land | Buildings | Leasehold Improvements | Plant & Equipment | Furniture & Fittings | Computer Hardware | Motor Vehicles | Total Physical Assets |
|---|---------|-----------|------------------------|-------------------|----------------------|-------------------|----------------|-----------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Add: Movements | | | | | | | | |
| Depreciation Expense | - | (92,564) | (1,381) | (3,904) | (1,689) | (4,648) | (3,693) | (107,879) |
| Disposals / Transfers | - | 9 | 1,745 | 2,149 | 462 | 85 | 1,920 | 6,370 |
| Revaluation | - | - | - | - | - | - | - | - |
| Assets Held for Sale | - | - | - | - | - | - | - | - |
| Impairment Losses | - | - | - | - | - | - | - | - |
| Accumulated Depreciation and Impairment Losses at 30 June 2008 | - | (92,555) | (5,859) | (23,215) | (7,315) | (29,460) | (22,805) | (181,209) |
| Carrying Amounts per asset class | | | | | | | | |
| At 1 July 2006 | 112,061 | 637,049 | 5,965 | 12,058 | 2,477 | 8,406 | 14,855 | 792,871 |
| At 30 June 2007 | 141,067 | 1,164,468 | 5,633 | 12,655 | 2,837 | 7,245 | 15,792 | 1,349,697 |
| At 30 June 2008 | 142,097 | 1,463,224 | 7,262 | 17,450 | 4,265 | 12,204 | 16,454 | 1,662,956 |
| Add: Assets Under Construction | | | | | | | | |
| At 1 July 2006 | | | | | | | | 511,719 |
| At 30 June 2007 | | | | | | | | 377,464 |
| At 30 June 2008 | | | | | | | | 35,508 |
| Total Carrying Amounts | | | | | | | | |
| At 1 July 2006 | | | | | | | | 1,304,590 |
| At 30 June 2007 | | | | | | | | 1,727,161 |
| At 30 June 2008 | | | | | | | | 1,698,464 |

NOTE 14: INTANGIBLE ASSETS

| | Acquired Software \$000 | Internally Generated Software \$000 | Total Intangible Assets \$000 |
|---|-------------------------------|--|--|
| Cost or Valuation | | | |
| Balance 1 July 2006 | 24,962 | 29,067 | 54,029 |
| Additions | 4,197 | 15,679 | 19,876 |
| Revaluation Increase | – | – | – |
| Assets Held for Sale | – | – | – |
| Disposals / Transfers | – | – | – |
| Cost or Valuation at 30 June 2007 | 29,159 | 44,746 | 73,905 |
| Add: Movements | | | |
| Additions | 2,975 | 7,473 | 10,448 |
| Revaluation Increase | – | – | – |
| Assets Held for Sale | – | – | – |
| Disposals / Transfers | (171) | (6,374) | (6,545) |
| Cost or Valuation at 30 June 2008 | 31,963 | 45,845 | 77,808 |
| Accumulated Depreciation and Impairment Losses | | | |
| Balance 1 July 2006 | (17,376) | (16,457) | (33,833) |
| Amortisation Expense | (3,463) | (5,540) | (9,003) |
| Disposals / Transfers | – | – | – |
| Impairment Losses | – | – | – |
| Accumulated Depreciation and Impairment Losses at 30 June 2007 | (20,839) | (21,997) | (42,836) |
| Add: Movements | | | |
| Amortisation Expense | (3,513) | (6,496) | (10,009) |
| Disposals / Transfers | 37 | 5,184 | 5,221 |
| Impairment Losses | – | – | – |
| Accumulated Depreciation and Impairment Losses at 30 June 2008 | (24,315) | (23,309) | (47,624) |
| Carrying Amounts as per asset class | | | |
| At 1 July 2006 | 7,586 | 12,610 | 20,196 |
| At 30 June 2007 | 8,320 | 22,749 | 31,069 |
| At 30 June 2008 | 7,648 | 22,536 | 30,184 |
| Add: Assets Under Construction – Software | | | |
| At 1 July 2006 | 3,597 | 8,103 | 11,700 |
| At 30 June 2007 | 2,380 | 4,407 | 6,787 |
| At 30 June 2008 | 2,556 | 3,623 | 6,179 |
| Carrying Amounts | | | |
| At 1 July 2006 | 11,183 | 20,713 | 31,896 |
| At 30 June 2007 | 10,700 | 27,156 | 37,856 |
| At 30 June 2008 | 10,204 | 26,159 | 36,363 |

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

NOTE 15: BIOLOGICAL ASSETS

| | 30/06/08 Forests | 30/06/08 Livestock | 30/06/08 Total Biological Assets \$000 |
|--|---------------------|-----------------------|--|
| | \$000 | \$000 | \$000 |
| Cost or Valuation | | | |
| Balance at 1 July 2006 | 30,822 | 8,680 | 39,502 |
| Purchases | – | 279 | 279 |
| Gains (losses) arising from changes in fair value less estimated point of sale costs | 3,281 | 4,921 | 8,202 |
| Less Sales / harvest | (4,707) | (5,432) | (10,139) |
| Cost or Valuation at 30 June 2007 | 29,396 | 8,448 | 37,844 |
| Add: Movements | | | |
| Purchases | – | 127 | 127 |
| Gains (losses) arising from changes in fair value less estimated point of sale costs | (811) | 9,307 | 8,496 |
| Less Sales / harvest | (2,212) | (5,951) | (8,163) |
| Cost or Valuation at 30 June 2008 | 26,373 | 11,931 | 38,304 |
| Carrying Amounts | | | |
| At 1 July 2006 | 30,822 | 8,680 | 39,502 |
| At 30 June 2007 | 29,396 | 8,448 | 37,844 |
| At 30 June 2008 | 26,373 | 11,931 | 38,304 |

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

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

Forests – The valuation of forests was undertaken by an independent registered valuer, P F Olsen and Company Limited, on 30 June 2008. T Vos, registered forestry consultant (NZIF), completed this valuation. The Department manages 4,512ha of commercial forest located in the North Island, near Turangi. The forest is managed as part of the Department's prisoner employment training programme.

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

- a discount rate of 7.0 % (2007: 7.0%) has been applied to post-tax cash flows,
- land values, improvements, protection or amenity planting have been excluded,
- the tree crop has been valued on a liquidation basis,
- no allowance for inflation has been provided,
- annual and forest operations costs are based on current industry costs for similar forests, and
- log prices are derived from average prices published by the Ministry of Agriculture and Forestry.

Livestock – The Department farms sheep, cattle, deer and pigs at various locations in both the North and South Island. At 30 June 2008 the Department owned 16,238 sheep (2007: 17,856); 1,782 beef cattle (2007: 1,808); 4,275 dairy cattle (2007: 4,340); 2,626 deer (2007: 2,541); and 5,872 pigs (2007: 6,700). The valuation of livestock was undertaken by various independent livestock valuers.

NOTE 16: CREDITORS AND PAYABLES

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|-----------------------------|-------------------------------------|-----------------------------|
| | Current portion | |
| 21,623 | Trade creditors | 23,454 |
| 47,310 | Accrued expenses | 45,043 |
| 4,493 | GST payable | 8,578 |
| 73,426 | Total current portion | 77,075 |
| | Non-current portion | |
| – | Trade creditors | – |
| 73,426 | Total creditors and payables | 77,075 |

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

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

NOTE 17: EMPLOYEE BENEFIT LIABILITIES

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|-----------------------------|---|-----------------------------|
| | Current liabilities | |
| 14,567 | Retirement and long service leave | 16,000 |
| 33,950 | Annual leave | 39,170 |
| 957 | Sick leave | 1,130 |
| – | Common leave provisions | 3,540 |
| 49,474 | Total current portion | 59,840 |
| | Non-current liabilities | |
| 10,417 | Retirement and long service leave | 10,477 |
| – | Common leave provisions | 1,815 |
| 10,417 | Total non-current portion | 12,292 |
| 59,891 | Total provision for employee benefit liabilities | 72,132 |

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

The major assumptions used in the 30 June 2008 valuation are that future salary growth rates are 3.0% per annum and discount rates ranged from 6.42% to 7.09% per annum.

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

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

The Department classifies employee benefit liabilities as current that:

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

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

In determining the appropriate discount rates the valuer considered the interest rates on NZ government bonds which have terms to maturity that match, as closely to possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

Common Leave Provisions – A provision for the estimated increase in vested and non-vested long service leave due to the changes in common leave provisions announced by Cabinet in May 2008.

NOTE 18: PROVISIONS

| 30/06/07 | | 30/06/08 | 30/06/08 | 30/06/08 | 30/06/08 |
|--------------|--|-------------|--------------|--------------|--------------|
| Total | | Procurement | Restructures | Employee | Total |
| Provisions | | | | Accidents | Provisions |
| Actual | | Actual | Actual | Actual | Actual |
| \$000 | | \$000 | \$000 | \$000 | \$000 |
| 2,839 | Balance brought forward | 546 | 1,535 | 4,103 | 6,184 |
| 12,793 | Additional provisions made during the year | – | 532 | 9,874 | 10,406 |
| (9,448) | Charged against provision for the year | – | (555) | (8,290) | (8,845) |
| 6,184 | Provisions as at 30 June | 546 | 1,512 | 5,687 | 7,745 |

Procurement – The provision arose as a result of changes to the Department's procurement system.

Restructure – The provision arose as a result of changes to the Department's organisational structure. Further changes have resulted in an additional provision in 2007/08.

Employee Accidents – A provision for the estimated future cost of work-related accident claims and ACC charges.

CURRENT AND NON-CURRENT PROVISIONS

| 30/06/07 Total Provisions Actual \$000 | | 30/06/08 Procurement Actual \$000 | 30/06/08 Restructures Actual \$000 | 30/06/08 Employee Accidents Actual \$000 | 30/06/08 Total Provisions Actual \$000 |
|--|---|--|---|--|--|
| 6,184 | Current provisions are represented by: | 546 | 1,512 | 5,687 | 7,745 |
| – | – Non-current provisions are represented by: | – | – | – | – |
| 6,184 | Current and non-current provisions as at 30 June | 546 | 1,512 | 5,687 | 7,745 |

EMPLOYEE ACCIDENTS

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

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|-----------------------------|---|-----------------------------|
| | Estimated future claims: | |
| 720 | Incurred but not reported claims (IBNR) | 1,250 |
| 389 | Reopened claims | 507 |
| 619 | Open claims | 787 |
| 1,728 | Total future claims | 2,544 |
| | Associated expenses | |
| 130 | Claims management expenses reserve | 180 |
| 130 | Total expenses | 180 |
| 1,858 | Total outstanding claims liabilities required | 2,724 |
| | ACC Levies | |
| 2,245 | ACC levies payable to ACC | 2,963 |
| 2,245 | Total ACC Levies | 2,963 |
| 4,103 | Total outstanding claims liabilities required and ACC Levies | 5,687 |

LIABILITY VALUATION

An externally independent actuarial valuer, Neil Christie (FIAA) has calculated the Department's liability, and the valuation is effective 30 June 2008. The valuer has attested he is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding liabilities claim. The key assumptions used in determining the value of outstanding claims are detailed in the assumptions paragraphs below. There are no qualifications contained in the actuarial valuer's report.

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

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

The IBNR provision is calculated for each cover period based on the liable earnings, the risk rating of the employer group and the period since the start of the cover year, adjusted for the Department's own claims experience (although in this case no adjustment to the standard ACC factors were required).

The reopened provision allows for the cost of the claims currently closed that may reopen at some stage in the future.

The stop loss cover level has been at 150% of the standard levy for the entire period to the 2006/07 cover year and is 200% for the 2007/08 cover year. High Cost Claims Cover has been nil for the entire period until 2007/08 where it is set at \$1 million.

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

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

Inflation has been assumed within the range of 2.6% and 4.2% and a discount rate in the range of 6.1% to 6.2% has been used for future years.

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

NOTE 19: TAXPAYERS' FUNDS

Taxpayers' Funds comprises two components:

GENERAL FUNDS

| 30/06/07 Actual | | 30/06/08 Actual | 30/06/08 Main Estimates | 30/06/08 Supp. Estimates |
|--------------------|---|--------------------|-------------------------------|--------------------------------|
| \$000 | | \$000 | \$000 | \$000 |
| 1,183,316 | General funds as at 1 July | 1,449,377 | 1,498,408 | 1,449,377 |
| 12,901 | Net operating surplus/(deficit) | 3,228 | – | – |
| 266,682 | Capital contribution | 70,600 | 58,600 | 70,600 |
| 279,583 | | 73,828 | 58,600 | 70,600 |
| (13,522) | Provision for repayment of surplus to the Crown | (3,228) | – | – |
| 1,449,377 | General funds as at 30 June | 1,519,977 | 1,557,008 | 1,519,977 |

RESERVES*Asset Revaluation Reserve*

| 30/06/07 | | 30/06/08 | 30/06/08 | 30/06/08 |
|---------------------|--|-----------------|------------------|---------------------|
| Total Actual | | Land | Buildings | Total Actual |
| \$000 | | \$000 | \$000 | \$000 |
| 87,412 | Balance brought forward | 65,488 | 213,040 | 278,528 |
| 191,116 | Valuation Adjustment – Revaluation gains/(losses) taken to general funds | – | (1,033) | (1,033) |
| 191,116 | Total movement in asset revaluation reserve | – | (1,033) | (1,033) |
| 278,528 | Asset revaluation reserve as at 30 June | 65,488 | 212,007 | 277,495 |

Fair Value Through Equity Reserve

| 30/06/07 | | 30/06/08 | 30/06/08 |
|---------------------|--|--------------------|---------------------|
| Total Actual | | Investments | Total Actual |
| \$000 | | \$000 | \$000 |
| 3,410 | Balance brought forward | 2,445 | 2,445 |
| (965) | Valuation Adjustment – Revaluation gains/(losses) taken to general funds | (178) | (178) |
| (965) | Total movement in fair value through equity reserve | (178) | (178) |
| 2,445 | Fair value through equity reserve as at 30 June | 2,267 | 2,267 |

*Total Reserves**

| 30/06/07 | | 30/06/08 |
|-----------------|---|-----------------|
| Actual | | Actual |
| \$000 | | \$000 |
| 90,822 | Balance brought forward | 280,973 |
| 190,151 | Revaluation gains/(losses) taken to general funds | (1,211) |
| 190,151 | Total movement in reserves | (1,211) |
| 280,973 | Total revaluations as at 30 June | 279,762 |

* The Department has no restricted reserves.

**NOTE 20: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW
FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2008**

| 30/06/07 Actual | | 30/06/08 Actual | 30/06/08 Main Estimates | 30/06/08 Supp. Estimates |
|--------------------|---|--------------------|-------------------------------|--------------------------------|
| \$000 | | \$000 | \$000 | \$000 |
| 12,901 | NET SURPLUS/(DEFICIT) | 3,228 | – | – |
| | Add/(less) non-cash items | | | |
| 77,318 | Depreciation and amortisation | 117,888 | 111,304 | 119,050 |
| – | – Impairment charges | – | – | – |
| 412 | Employee benefit liabilities | 5,696 | – | (17) |
| 862 | Other non-cash items | 176 | – | – |
| 78,592 | Total non-cash items | 123,760 | 111,304 | 119,033 |
| | Working capital movements | | | |
| (2,535) | Movement in receivables | 1,169 | 1,000 | (192) |
| (666) | Movement in inventories | (69) | – | 242 |
| (681) | Movement in prepayments | (345) | – | 18 |
| 8,697 | Movement in creditors and payables | 20,090 | – | (3,426) |
| 716 | Movement in provisions | 1,561 | – | 1,095 |
| 10,069 | Movement in employee benefit liabilities | 6,545 | – | (24) |
| 15,600 | Working capital movements – net | 28,951 | 1,000 | (2,287) |
| | Add/(less) items classified as investing or financing activities | | | |
| (55) | Dividends | (17) | – | – |
| – | – Biological assets revaluation | 294 | – | – |
| 888 | Net loss/(gain) on sale or disposal of physical assets | 1,677 | – | – |
| 833 | Total investing activity items | 1,954 | – | – |
| 107,926 | Net cash flow from operating activities | 157,893 | 112,304 | 116,746 |

NOTE 21: CONTINGENCIES

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

NOTE 22: RELATED PARTY DISCLOSURE

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

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

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

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

NOTE 23: REMUNERATION – KEY MANAGEMENT PERSONNEL

The Executive Management Team for 2008 consisted of the Chief Executive and eight General Managers (2007: seven General Managers).

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 |
|-----------------------------|---|-----------------------------|
| 2,161 | Salary and other short term benefits | 2,271 |
| – | – Post employment benefits | – |
| 22 | Other long-term benefits | 66 |
| – | – Termination benefits | – |
| 2,183 | Total provision for employee benefit liabilities | 2,337 |

Salary and other short term benefits – The Department defines these as salaries, employee benefit contributions, paid annual leave, paid sick leave and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (medical care, housing, cars and free or subsidised goods or services).

Post employment benefits – The Department defines these as pensions, other retirement benefits, post-employment life insurance and post-employment medical care.

Other long-term benefits – The Department defines these as long service leave or sabbatical leave, disability benefits and bonuses (if not payable within twelve months of the end of the period).

Termination benefits – The Department defines these as benefits payable when a contract is terminated.

NOTE 24: POST-BALANCE DATE EVENTS

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

NOTE 25: FINANCIAL INSTRUMENTS

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

CASH

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

FAIR VALUE

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

MARKET RISK

Price Risk

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

Currency Risk

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

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

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Department holds no financial instruments (other than those reported in Note 17 – Employee Benefit Liabilities) that are susceptible to fair value interest rate risk.

Cashflow Interest Rate Risk

Cashflow interest rate risk is the risk that the cashflows from a financial instrument will fluctuate because of changes in market interest rates. The Department has no financial instruments that are susceptible to cashflow interest rate risk.

CURRENCY RISK

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

The Department has few foreign currency transactions and therefore does not enter into foreign exchange forward contracts to hedge.

INTEREST RATE RISK

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

Under section 46 of the Public Finance Act 1989 the Department cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure for funds borrowed.

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.

The Department discloses by each class of financial instrument the amount that best represents its maximum exposure to credit risk at the reporting date without taking into account any collateral held or other credit enhancements.

The Department is only permitted to deposit funds with Westpac New Zealand limited.

Westpac New Zealand limited is a registered bank with a high credit rating.

LIQUIDITY RISK

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

Management of Liquidity Risk

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

Contractual Maturity Analysis of Financial Liabilities

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

| | 30/06/07 Less than 1 year Actual \$000 | 30/06/07 Between 1 and 5 years Actual \$000 | 30/06/07 Over 5 years Actual \$000 |
|----------------------------------|---|--|---|
| Creditors and payables (note 16) | 68,933 | – | – |
| Other | – | – | – |

| | 30/06/08 Less than 1 year Actual \$000 | 30/06/08 Between 1 and 5 years Actual \$000 | 30/06/08 Over 5 years Actual \$000 |
|----------------------------------|---|--|---|
| Creditors and payables (note 16) | 68,497 | – | – |
| Other | – | – | – |

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

Contractual Maturity Analysis of Financial Assets

As contractual maturity analysis for financial assets is not specifically required by NZ IFRS 7, the Department has chosen not to provide any analysis.

SENSITIVITY ANALYSIS

As NZ IFRS 7 does not prescribe the format for presenting sensitivity analysis, the Department has chosen to make the following disclosures.

Cash and Cash Equivalents

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

Bank Overdraft

The Department has no bank overdrafts.

Secured Loans

The Department has no secured loans.

Derivatives – held for Trading and Hedge Accounting

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

Creditors and Payables

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

CATEGORIES OF FINANCIAL INSTRUMENTS

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

| 30/06/07 | | 30/06/08 |
|-----------------|------------------------------------|-----------------|
| Actual | | Actual |
| \$000 | | \$000 |
| | FINANCIAL ASSETS | |
| | Cash and receivables | |
| 56,498 | Cash and cash equivalents (note 7) | 164,761 |
| 7,037 | Debtors and receivables (note 9) | 5,692 |
| 63,535 | Total cash and receivables | 170,453 |
| | Fair Value through equity | |
| 9,008 | Investments (note 12) | 8,436 |
| 9,008 | Total investments | 8,436 |
| | FINANCIAL LIABILITIES | |
| | Financial liabilities | |
| 68,933 | Creditors and payables (note 16) | 68,497 |
| 68,933 | Total financial liabilities | 68,497 |

NOTE 26: CAPITAL MANAGEMENT

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

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

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

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

NOTE 27: MAJOR BUDGET VARIATIONS

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

Explanations for major variances from the Department's estimated figures in the Statement of Intent are as follows:

The increase in Revenue Crown and Expenditure compared to the 2006/07 financial year relates to funding and expenses for increased capacity and Effective Interventions programmes. A new correctional facility opened in Otago in June 2007 and another at Spring Hill in November 2007.

Revenue and expenditure increased compared to the Main Estimates with additional depreciation and capital charge on re-valued property and higher than expected external revenue and associated expenditure from new or expanded Prisoner Employment activities. The Supplementary Estimates included additional funding for the additional expenses and activities.

Physical assets and net cash flows from investing activities were less than projected in the Main Estimates and reflects a revised spending profile on some of the Department's infrastructure and Effective Interventions programmes.

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

The increase in provisions compared to the Main and Supplementary Estimates are due to additional expenditure relating to Long Service Leave entitlements following the May 2008 Cabinet decision changing common leave provisions for Public Sector employees.

NOTE 28: EXPLANATION OF TRANSITION TO NZ IFRS

As stated under the "Basis of Preparation" section of note 1, these are the Department's first financial statements to be prepared in accordance with NZ IFRS. The Department's transition date is 1 July 2006 and the opening NZ IFRS balance sheet has been prepared as at that date. The Department's NZ IFRS adoption date is 1 July 2007.

In preparing these financial statements in accordance with NZ IFRS 1, the Department has applied the mandatory exceptions and no optional exemptions in application of NZ IFRS.

The actual taxpayers' funds at the end of 2006/07 are brought forward to the taxpayers' funds at the beginning of 2007/08. The Department has reported the 2006/07 actuals under current GAAP and reconciled the balance as at 30 June 2007 with the NZ IFRS balance at 1 July 2007.

RECONCILIATION OF EQUITY

The following table shows that changes in the Department's equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

| | Note | NZ GAAP as at 1 July 2006 \$000 | NZ IFRS adjustment \$000 | NZ IFRS as at 1 July 2006 \$000 | NZ GAAP as at 30 June 2007 \$000 | NZ IFRS adjustment \$000 | NZ IFRS as at 30 June 2007 \$000 |
|---|-------------------|--|--------------------------------|--|---|--------------------------------|---|
| ASSETS | | | | | | | |
| Total current assets * | | 30,834 | – | 30,834 | 71,504 | – | 71,504 |
| Total non-current assets | | | | | | | |
| Investments | a, g | 6,645 | 3,410 | 10,055 | 6,563 | 2,445 | 9,008 |
| Physical assets (excl. forests) | b, c | 1,336,493 | (37,224) | 1,299,269 | 1,765,017 | (37,856) | 1,727,161 |
| Intangible assets | c | – | 37,224 | 37,224 | – | 37,856 | 37,856 |
| Livestock | b | 8,680 | (8,680) | – | 8,666 | (8,666) | – |
| Forests | b | 30,822 | (30,822) | – | 29,396 | (29,396) | – |
| Biological assets | b, g | – | 39,502 | 39,502 | – | 37,844 | 37,844 |
| Total non-current assets | | 1,382,640 | 3,410 | 1,386,050 | 1,809,642 | 2,227 | 1,811,869 |
| Total assets | | 1,413,474 | 3,410 | 1,416,884 | 1,881,146 | 2,227 | 1,883,373 |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Creditors and payables | d | 88,603 | 522 | 89,125 | 73,426 | – | 73,426 |
| Employee entitlements | e | 38,503 | 902 | 39,405 | 48,517 | 957 | 49,474 |
| Provisions | d | 4,211 | – | 4,211 | 18,468 | 1,238 | 19,706 |
| Total current liabilities | | 131,317 | 1,424 | 132,741 | 140,411 | 2,195 | 142,606 |
| Total non-current liabilities * | | 10,005 | – | 10,005 | 10,417 | – | 10,417 |
| Total liabilities | | 141,322 | 1,424 | 142,746 | 150,828 | 2,195 | 153,023 |
| TAXPAYERS' FUNDS | | | | | | | |
| General funds | a, b, d, e & f | 1,182,940 | 376 | 1,183,316 | 1,449,622 | (245) | 1,449,377 |
| Reserves | g | 89,212 | 1,610 | 90,822 | 280,696 | 277 | 280,973 |
| Taxpayers' funds | | 1,272,152 | 1,986 | 1,274,138 | 1,730,318 | 32 | 1,730,350 |
| Total liabilities and taxpayers' funds | | 1,413,474 | 3,410 | 1,416,884 | 1,881,146 | 2,227 | 1,883,373 |

* There were no changes to Current Assets and Non-current Liabilities as a result of IFRS. These have been summarised as one line for ease of viewing.

RECONCILIATION OF SURPLUS/DEFICIT

The following table shows the changes in the Department's surplus/ (deficit) resulting from the transition from previous NZ GAAP to NZ IFRS for the year ended 30 June 2007.

| | Note | NZ GAAP as at 30 June 2007 \$000 | NZ IFRS adjustment \$000 | NZ IFRS as at 30 June 2007 \$000 |
|--------------------------------|------|--|--------------------------------|--|
| Revenue | | | | |
| Revenue | h, i | 778,786 | 150 + 241 | 779,177 |
| Total operating revenue | | 778,786 | 391 | 779,177 |
| Expenditure | | | | |
| Personnel costs | e | 378,131 | 55 | 378,186 |
| Operating costs | d, i | 206,529 | 716 + 241 | 207,486 |
| Depreciation and amortisation | | 77,318 | – | 77,318 |
| Capital charge | | 103,286 | – | 103,286 |
| Total output expenses | | 765,264 | 1,012 | 766,276 |
| Net surplus/(deficit) | | 13,522 | (621) | 12,901 |

RECONCILIATION OF CASH FLOWS

The following table shows the changes in the Department's Statement of Cash Flows resulting from the transition from previous NZ GAAP to NZ IFRS for the year ended 30 June 2007. The movements as a result of NZ IFRS do not materially affect the Departments cash flows.

| | Note | NZ GAAP as at 30 June 2007 \$000 | NZ IFRS adjustment \$000 | NZ IFRS as at 30 June 2007 \$000 |
|---|------|--|--------------------------------|--|
| Net surplus/(deficit) | | 13,522 | (621) | 12,901 |
| Add/(less) non-cash items | | | | |
| Depreciation and amortisation | | 77,318 | – | 77,318 |
| Impairment charges | | – | – | – |
| Non-current employee benefit liabilities | | 412 | – | 412 |
| Other non-cash items | | 862 | – | 862 |
| Total non-cash items | | 78,592 | – | 78,592 |
| Working capital movements | | | | |
| Movement in receivables | h | (2,385) | (150) | (2,535) |
| Movement in inventories | | (666) | – | (666) |
| Movement in prepayments | | (681) | – | (681) |
| Movement in creditors and payables | | 8,697 | – | 8,697 |
| Movement in provisions | d | – | 716 | 716 |
| Movement current employee benefit liabilities | e | 10,014 | 55 | 10,069 |
| Working capital movements – net | | 14,979 | 621 | 15,600 |
| Add/(less) items classified as investing or financing activities | | | | |
| Interest/Dividends reclassified as investing activity items | j | – | (55) | (55) |
| Net loss/(gain) on sale or disposal of biological assets | | – | – | – |
| Net loss/(gain) on sale or disposal of intangible assets | | – | – | – |
| Net loss/(gain) on sale or disposal of physical assets | | 888 | – | 888 |
| Total investing activity items | | 888 | (55) | 833 |
| Net cash flow from operating activities | | 107,981 | (55) | 107,926 |

| | Note | NZ GAAP as at 30 June 2007 \$000 | NZ IFRS adjustment \$000 | NZ IFRS as at 30 June 2007 \$000 |
|--|------|--|--------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash provided from: | | | | |
| <i>Supply of outputs to</i> | | | | |
| Crown | | 742,619 | – | 742,619 |
| Departments | | 7,469 | – | 7,469 |
| Other | j | 26,310 | (55) | 26,255 |
| Cash disbursed to: | | | | |
| Personnel | k | (367,705) | (520) | (368,225) |
| Operating | k | (201,527) | 520 | (201,007) |
| Net GST paid | | 4,101 | – | 4,101 |
| Capital charge | | (103,286) | – | (103,286) |
| Net cash flows from operating activities | | 107,981 | (55) | 107,926 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Cash provided from: | | | | |
| Interest and dividends | j | – | 55 | 55 |
| Sale of investments | | 83 | – | 83 |
| Sale of physical, biological and intangible assets | | 754 | – | 754 |
| Cash disbursed to: | | | | |
| Purchase of investments | | | – | |
| Purchase of physical assets, biological and intangible assets | | (337,674) | – | (337,674) |
| Net cash flows from investing activities | | (336,837) | 55 | (336,782) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Cash provided from: | | | | |
| Capital contribution from the Crown | | 266,682 | – | 266,682 |
| Cash disbursed to: | | | | |
| Payment of surplus to the Crown | | (1,372) | – | (1,372) |
| Net cash flows from financing activities | | 265,310 | – | 265,310 |
| Net increase/(decrease) in cash and cash equivalents held | | 36,454 | – | 36,454 |
| Opening total cash and cash equivalents balances at 1 July | | 20,044 | – | 20,044 |
| Closing cash and cash equivalents balances as of 30 June | | 56,498 | – | 56,498 |

a. Investments

In accordance with NZ IFRS 39: *Financial Instruments: Recognition and Measurement*, the Department investments have been recognised at fair value.

Previously, investments were valued at the lower of cost or net realisable value.

b. Biological Assets

In accordance with NZ IAS 41: *Agriculture*, the Department has classified its livestock and forests as biological assets. Previously, forests were treated as a separate class of asset within physical assets.

Previously, livestock was classified as a separate non-current asset.

c. Intangible Assets

In accordance with NZ IAS 38: *Intangible Assets*, the Department has classified its computer software as an intangible asset.

Previously, computer software was treated as a separate class of asset within physical assets.

d. ACC Partnership Scheme Liability

Under NZ IFRS 4: *Insurance Activities*, the Department is required to recognise the liability for work related injury claims under the ACC partnership programme. The Department has remeasured its liability and an increase in the liability has been recognised under NZ IFRS. Measurements of the liability are reflected in the Statement of Financial Performance. This amounted to an increase of \$716,000.

Previously, the Department had not recognised this liability.

e. Employee Entitlements – Sick Leave

In accordance with NZ IAS 19: *Employee Benefits*, the Department has recognised accumulating sick leave as a liability. Previously, the Department had not recognised this liability.

Any movements are recognised in the Statement of Financial Performance. This amounted to an increase of \$55,000.

f. Taxpayers' Funds – General Funds

In accordance with NZ IFRS 1: *First-time adoption of NZ equivalents to International Financial Reporting Standards*, adjustments required under transition to NZ IFRS are adjusted:

- directly to taxpayers' funds at 1 July 2006,
- directly to the Statement of Financial Performance at 30 June 2007.

g. Reserves*Biological Assets*

In accordance with NZ IAS 41: *Agriculture*, the previous revaluation reserve attributable to biological assets is derecognised and transferred to general funds.

Investments

In accordance with NZ IAS 39: *Financial Instruments: Recognition and Measurement*, a gain or loss on an available-for-sale financial asset shall be recognised directly in taxpayers' funds.

h. Livestock

In accordance with NZ IAS 41: *Agriculture*, livestock assets are recorded at fair value less point of sale costs, gains and losses due to changes in the per head value of the livestock at balance date are taken to the Statement of Financial Performance. Gains and losses due to changes in livestock numbers are taken directly to the Statement of Performance. This amounted to an increase of \$150,000.

i. Profit on Sale of Assets

Profit on sale of assets was classified as an operating expense. It is now classified as revenue. This amounted to a reclassification of \$241,000 and resulted in no change to net surplus.

j. Interest and Dividends

Under NZ IAS 7: *Cash Flow Statements*, the Department is required to reclassify interest and dividends as an operating cash flow. This was previously classified as an investing cash flow. This amounted to a reclassification of \$55,000.

k. Employee Entitlements – Reclassification

Portions of employee entitlements was classified as operating cash disbursements. It is now classified as personnel cash disbursements. This amounted to a reclassification of \$520,000 and resulted in no change to net surplus.



PART C: STATEMENT OF SERVICE PERFORMANCE

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OUTPUT CLASS 1: INFORMATION SERVICES

Under this output class the Department provides information requested by the courts and the New Zealand Parole Board to inform their respective decision-making processes. Information provided includes psychological reports, pre-sentence assessment reports, reparation reports, Home Detention reports and assessments, oral information reports, Home Leave reports, Parole assessment reports, and information for Extended Supervision orders. Provision of this information contributes to the outcome of 'sentence options are used effectively'.

Amendments to the Sentencing Act (2002) and the Parole Act (2002) became effective from 1 October 2007. These amendments changed the combination and nature of reports as new requirements were implemented. Judicial monitoring reports are now provided to the courts, and progress reports are provided to the New Zealand Parole Board.¹

The costs under this output class include the time Probation Officers spend preparing reports and attending court hearings.

OUTPUT CLASS STATEMENT: INFORMATION SERVICES

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates* \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|------------------------------|
| REVENUE | | | | |
| 36,944 | Crown | 38,947 | 40,240 | 40,907 |
| – | Departmental | 271 | – | 269 |
| 36,944 | Total Revenue | 39,218 | 40,240 | 41,176 |
| 35,465 | Total Expenses | 41,370 | 40,240 | 41,176 |
| 1,479 | Net Surplus / (Deficit) | (2,152) | – | – |

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

| | Supp. Estimates \$000 | Section 26A Transfer \$000 | Final Appropriation \$000 |
|--|-----------------------------|----------------------------------|---------------------------------|
| | 39,216 | 1,960 | 41,176 |

¹ When the Statement of Intent 1 July 2007-30 June 2008 was published, the relevant legislative changes had not been passed. Consequently some Output Class descriptions and Output descriptions in the Annual Report 2007/08 differ from what was published in the Statement of Intent 2007/08.

OUTPUT 1.1: SENTENCING ADVICE TO COURTS

Reports (remand pre-sentence, reparation including emotional harm, same-day pre-sentence, special purpose and oral information reports) provide the sentencing judge with information on offenders to assist with the sentencing process. This service includes attendance at court, prosecutions, and attendance at sentencing resulting from proceedings initiated by the Department.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Pre-sentence reports prepared for the courts (#) | 31,940 | 33,600 | 36,567 | 9% |
| Court attendance hours (#) | 64,151 | 65,000 | 70,218 | 8% |
| PERFORMANCE MEASURES | | | | |
| Pre-sentence reports provided to agreed standards (%) | 94% | 95% | 94% | (1%) |
| Written complaints from judges to be no more than (#) | 3 | 15 | 6 | (60%) |
| Pre-sentence reports provided within agreed timelines (%) | 96% | 98% | 96% | (2%) |

Comments

The number of reports provided by the Department to the judiciary and court attendance hours were nine and eight per cent higher than forecast respectively, reflecting an increase in the number of offenders that appeared before the courts.

The quality of the Department's sentencing advice continued to be of a high standard with 60 per cent fewer than forecast written complaints from judges. This is a favourable result given the number of pre-sentence reports increased by approximately 5,000 reports. This reflects the problem solving that occurred together with our partners in the criminal justice sector.

OUTPUT 1.2: JUDICIAL MONITORING

The amendment to the Sentencing Act (2002) became effective from 1 October 2007. Judicial monitoring reports are now provided to the courts which contain information on offenders' progress and compliance.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Judicial monitoring reports prepared for the courts (#) | new measure | TBR ² | 70 | N/A |
| PERFORMANCE MEASURES | | | | |
| Judicial monitoring reports provided within agreed timelines (%) | new measure | 95% | 98% | 3% |

Comments

These reports enable the judiciary to monitor an offender's progress and compliance to their sentence of either Home Detention or Intensive Supervision. Judicial monitoring is imposed when the sentencing judge believes that an offender would benefit from enhanced monitoring while completing their sentence. The judiciary requests reports to be completed after an offender has completed three months of their sentence. Despite judicial monitoring being a new output for 2007/08 the Department has successfully met and exceeded the timeliness target compared to forecast.

² No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT 1.3: PAROLE ADVICE TO THE NEW ZEALAND PAROLE BOARD

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

- behaviour while in prison
- progress towards addressing rehabilitative and reintegrative needs
- proposed residence
- potential work
- and any further identified needs that the prisoner should address on release from prison.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Parole assessment reports prepared for the Board (#) | 5,183 | 4,600 | 5,316 | 16% |
| PERFORMANCE MEASURES | | | | |
| Parole assessment reports provided to agreed standards (%) | 97% | 100% | 100% | 0% |

Comments

The number of assessment reports requested by the New Zealand Parole Board was greater than forecast and led to 16 per cent more reports being prepared than expected for 2007/08. Due to the importance of parole assessment reports, the Department had to prioritise this work ahead of other areas in order to meet agreed standards. Resources were reallocated from areas of work such as sentence planning (Output Class 5) and consequently sentence planning timeliness measures were compromised.

OUTPUT 1.4: HOME LEAVE REPORTS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Home leave reports prepared (#) | 462 | 500 | 413 | (17%) |
| PERFORMANCE MEASURES | | | | |
| Home leave reports provided to agreed standards (%) | 97% | 98% | 94% | (4%) |
| Home leave reports provided within agreed timelines (%) | 96% | 98% | 95% | (3%) |

Comments

Home Leave is available to prisoners who are nearing the completion of their prison-based sentence. Home Leave reports are prepared when an eligible prisoner requests Home Leave, consequently the volume of Home Leave reports prepared is dependent on the number of prisoners who apply for Home Leave. The number of Home Leave reports prepared was 17 per cent below forecast.

OUTPUT 1.5: HOME DETENTION ASSESSMENTS TO THE NEW ZEALAND PAROLE BOARD

Home Detention reports and assessments are prepared for the New Zealand Parole Board. These reports must meet the application criteria including an assessment of the rehabilitative needs of offenders and their suitability to serve their sentence under Home Detention.

Amendments to the Sentencing Act (2002) and the Parole Act (2002) became effective from 1 October 2007. These amendments resulted in Home Detention becoming a standalone sentence imposed by the courts. As a result, the Department expected the number of Home Detention assessments to decrease.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Home Detention specialist reports prepared for the Board (#) | 3,406 | 1,080 | 1,560 | 44% |
| PERFORMANCE MEASURES | | | | |
| Home Detention specialist reports provided to agreed standards (%) | 98% | 98% | 96% | (2%) |
| Home Detention specialist reports provided within agreed timelines (%) | 92% | 98% | 91% | (7%) |

Comments

The number of Home Detention reports prepared for the New Zealand Parole Board was 44 per cent higher than the expected volume. Despite the changes to the Sentencing Act (2002) which ended Home Detention as an order that the New Zealand Parole Board could apply at the end of a sentence of imprisonment, a greater number of offenders were still eligible for Home Detention than anticipated. These offenders made applications for Home Detention conditions to be applied to the remainder of their sentence prior to the 1 October 2007 change in sentencing options. The large volume of reports put pressure on the Department and timeliness standards were not met.

This is the last year that this output will be reported on as prisoners are no longer entitled to apply for a Home Detention order.

OUTPUT 1.6: NEW ZEALAND PAROLE BOARD PROGRESS REPORT

The amendment to the Parole Act (2002) became effective from 1 October 2007. Progress reports are now provided to the New Zealand Parole Board which contain information on an offender's compliance with the conditions of their Parole order.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Parole progress reports prepared for the Board (#) | new measure | TBR ³ | 49 | N/A |
| PERFORMANCE MEASURES | | | | |
| Parole progress reports provided within agreed timelines (%) | new measure | 98% | 100% | 2% |

Comments

The purpose of these reports is to enable the New Zealand Parole Board to monitor an offender's progress and compliance with the order imposed.

The New Zealand Parole Board requests that reports be completed after an offender has completed three months of their sentence.

³ No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT 1.7: PSYCHOLOGICAL SERVICE INFORMATION

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Psychological reports prepared for the Board (#) | 980 | 1,100 | 1,095 | 0% |
| Psychological reports prepared for the courts (#) | 118 | 150 | 132 | (12%) |
| PERFORMANCE MEASURES | | | | |
| Psychological reports prepared for the Board provided to agreed standards (%) | 100% | 100% | 100% | 0% |
| Psychological reports prepared for the courts provided to agreed standards (%) | 100% | 100% | 100% | 0% |
| Psychological reports prepared for the Board provided within agreed timelines (%) | 100% | 100% | 100% | 0% |
| Psychological reports prepared for the courts provided within agreed timelines (%) | 100% | 100% | 99% | (1%) |

Comments

The volume of psychological reports prepared for the New Zealand Parole Board is driven by requests for reports from the New Zealand Parole Board. The volume of reports prepared was in line with expectations.

The volume of psychological reports prepared for the courts is driven by requests for reports from the courts. Twelve per cent less reports were requested than expected.

Psychological reports are detailed documents that provide a significant amount of information related to the offender who is to appear before the New Zealand Parole Board or the courts. The agreed standards that the Department aims to achieve include content relating to the assessment, analysis and reporting on an offender as well as style aspects.

OUTPUT 1.8: INFORMATION SERVICES FOR EXTENDED SUPERVISION ORDERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Health assessments completed on offenders for whom an Extended Supervision order is considered (#) | 77 | 56 | 58 | 4% |
| Extended Supervision applications prepared for the courts (#) | 42 | 56 | 23 | (59%) |
| Applications prepared for the Board for special conditions (#) | 37 | 56 | 45 | (20%) |
| PERFORMANCE MEASURES | | | | |
| Health assessments provided to agreed standards (%) | 100% | 100% | 100% | 0% |
| Applications prepared for the courts provided to agreed standards (%) | 100% | 100% | 100% | 0% |
| Applications prepared for the Board provided to agreed standards (%) | 100% | 100% | 100% | 0% |
| Health assessments provided within agreed timelines (%) | 100% | 100% | 100% | 0% |
| Applications prepared for the courts provided within agreed timelines (%) | 100% | 100% | 100% | 0% |
| Applications prepared for the Board provided to agreed timelines (%) ⁴ | 100% | 100% | 100% | 0% |

Comments

The higher than forecast number of health assessments completed by the Department did not correspond to a proportional increase in Extended Supervision applications made to the courts as forecasts were established on the basis that all offenders assessed would apply to the court – however only 23 applications were made, 59 per cent fewer than expected.

The number of applications made to the New Zealand Parole Board for Special Conditions is dependent on the number of applications prepared for the courts and the number of orders granted. Forty-five applications were made to the New Zealand Parole Board, 20 per cent less than expected.

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

⁴ This measure is a correction of the measure in the Statement of Intent 1 July 2007-30 June 2008 which had a typographical error.

OUTPUT CLASS 2: COMMUNITY-BASED SENTENCES AND ORDERS

Under this output class the Department manages the delivery of community-based sentences and orders through offender management and sentence management services. These activities and services contribute to the outcome of 'sentences and orders are complied with'.

Community-based sentences previously included sentences of Supervision and Community Work. Community-based orders previously included Home Detention, Parole, Post-release conditions and Extended Supervision for serious child-sex offenders. Offenders may be subject to more than one sentence or order if a concurrent sentence has been imposed.

Amendments to the Sentencing Act (2002) and the Parole Act (2002) became effective from 1 October 2007. These amendments resulted in a number of new community-based sentences and orders. Home Detention, originally a means of serving a sentence of imprisonment, became a stand-alone sentence imposed by the Court, and, at the end of a sentence of imprisonment, Residential Restrictions became a special condition for offenders released on Parole.⁵

Other changes included Community Detention, a new electronically-monitored sentence that restricts an offender to an address under curfew, and Intensive Supervision, a new sentence which is imposed for any period from six months to two years. In contrast to Supervision, Intensive Supervision provides a higher level of restriction and supervision of an offender, and has a larger, more complex set of special conditions than those available under Supervision.

OUTPUT CLASS STATEMENT: COMMUNITY-BASED SENTENCES AND ORDERS

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates* \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|------------------------------|
| REVENUE | | | | |
| 85,372 | Crown | 102,719 | 110,893 | 102,959 |
| – | Departmental | 1,980 | 640 | 2,190 |
| 85,372 | Total Revenue | 104,699 | 111,533 | 105,149 |
| 83,692 | Total Expenses | 105,733 | 111,533 | 105,149 |
| 1,680 | Net Surplus / (Deficit) | (1,034) | – | – |

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

| Supp. Estimates \$000 | Section 26A Transfer \$000 | Final Appropriation \$000 |
|-----------------------------|----------------------------------|---------------------------------|
| 104,909 | 240 | 105,149 |

⁵ When the Statement of Intent 1 July 2007-30 June 2008 was published, the relevant legislative changes had not been passed. Consequently some Output Class descriptions and Output descriptions in the Annual Report 2007/08 differ from what was published in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT 2.1: HOME DETENTION ORDERS

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

Amendments to the Sentencing Act (2002) and the Parole Act (2002) became effective from 1 October 2007. These amendments resulted in Home Detention becoming a standalone sentence imposed by the Courts and offenders sentenced to imprisonment would no longer be able to apply for orders of Home Detention. However, offenders serving a prison sentence as at 1 October 2007 are still eligible to apply for a Home Detention order.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|----------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing a Home Detention order (#) | 1,517 | 720 | 860 | 19% |
| Average Home Detention orders being served (#) | new measure | TBR ⁶ | 371 | N/A |
| PERFORMANCE MEASURES | | | | |
| Offenders who abscond from Home Detention to be no more than (%) | 1% | 2% | 2% | 0% |
| Offenders who successfully complete a Home Detention order (%) | 90% | 80% | 88% | 8% |

Comments

The Department is tasked with ensuring that offenders comply with the terms of their Home Detention order, as imposed by the New Zealand Parole Board. Due to changes to the Sentencing Act (2002), Home Detention orders are currently only available to offenders sentenced to less than two years prior to 1 October 2007.

As a result of the changes to the Sentencing Act and Parole Act, it was expected that the number of new Home Detention orders would decrease from 1,517 in 2006/07 to 720 in 2007/08. A greater number of offenders were still eligible for Home Detention, and 860 offenders commenced a Home Detention order, 19 per cent greater than the forecast of 720. This put significant pressure on staff tasked with ensuring sentence compliance. Despite this pressure, the rate of successful completions was 88 per cent, eight per cent higher than forecast. This is a positive result for the Department and it illustrates the work that has gone into managing offenders on community-based sentences and ensuring that they comply with their sentences.

6 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT 2.2: HOME DETENTION SENTENCES

The amendment to the Sentencing Act (2002) became effective from 1 October 2007. These amendments resulted in Home Detention becoming a standalone sentence imposed by the courts. This sentence replaced Home Detention orders, which were originally only available to offenders sentenced to imprisonment.

Under the conditions of a Home Detention sentence, an offender resides at home under strict conditions and with monitoring of these conditions. Offenders may also be required to undertake a rehabilitation programme, reintegration service or counselling that addresses their offending.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing a Home Detention sentence (#) | new measure | 1,950 | 1,876 | (4%) |
| Average Home Detention sentences being served (#) | new measure | 810 | 537 | (34%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete a Home Detention sentence (%) | new measure | 80% | 74% | (6%) |

Comments

Home Detention sentences became a standalone sentence on 1 October 2007 as a result of the changes associated with the introduction of the amendment to the Sentencing Act (2002).

Despite the uncertain task of forecasting the number of new Home Detention sentences without historical data, the actual number of offenders commencing a sentence was very close to forecast. However, due to the phasing in of this sentence, the result for average Home Detention sentences being served was skewed, and consequently the variance for this measure was 34 per cent below forecast. Variance of this size is not expected to last as it is only associated with the timing of the introduction of new sentences or orders.

Seventy-four per cent of offenders successfully completed this new sentence compared with the 80 per cent target set by the Department. This result cannot be attributed to any one factor as compliance is influenced by a wide range of variables, the impacts of which are difficult to quantify. These factors include:

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

OUTPUT 2.3: COMMUNITY DETENTION SENTENCES

The amendment to the Sentencing Act (2002) became effective from 1 October 2007. This amendment resulted in the sentence of Community Detention. The Department ensures that offenders sentenced to Community Detention comply with the curfew periods imposed by the courts. Offenders on Community Detention are electronically monitored and are required to remain at a specific address during curfew times.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|----------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing a Community Detention sentence (#) | new measure | 1,900 | 1,371 | (28%) |
| Average community detention sentences being served (#) | new measure | 466 | 330 | (29%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete a Community Detention sentence (%) | new measure | 65% | 89% | 24% |

Comments

Similar to Home Detention sentences, Community Detention sentences are part of the sentencing structure introduced under the amendment to the Sentencing Act (2002) and are imposed by the courts. The Department manages offenders on Community Detention sentences and is dependent on the sentencing choices made by the courts. As such 1,900 offenders were forecast to commence a Community Detention sentence; an additional workload placed on the Department. The actual number of offenders sentenced to Community Detention was 1,371; 28 per cent less than forecast. Sentence lengths were longer than expected and this somewhat offset the lower volume of sentences in terms of workload.

Due to the phasing in of this sentence, the result for average Community Detention sentences being served was skewed, and consequently the variance for this measure was 29 per cent below forecast. Variance of this size is not expected to last as it is associated with the timing of the introduction of new sentences or orders.

The Department has worked hard to ensure that offenders comply with their sentence and this is reflected in the 89 per cent completion rate compared with the forecast rate of 65 per cent.

OUTPUT 2.4: INTENSIVE SUPERVISION SENTENCES

The amendment to the Sentencing Act (2002) became effective from 1 October 2007. This amendment resulted in the new sentence of Intensive Supervision. The Department ensures that offenders sentenced to Intensive Supervision report regularly to their Probation Officer and, if ordered by the court, fulfil special conditions that address the reasons for their offending. Intensive Supervision may include in-depth, focused interventions such as programmes (including residential programmes), training in basic work and living skills, residence approval and judicial monitoring that addresses their offending. This sentence provides a higher level of restriction and supervision of an offender and has a larger and more complex set of special conditions than those available under the Supervision sentence.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|-------------|------------------------------|------------------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing an Intensive Supervision sentence (#) | new measure | 1,400 | 1,199 | (14%) |
| Average intensive supervision sentences being served (#) | new measure | 1,350 | 424 | (69%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete an Intensive Supervision sentence (%) | new measure | 65% | N/A ⁷ | N/A |

Comments

The Department ensures that those offenders subject to an Intensive Supervision sentence fulfil their sentence requirements to address the reasons for their offending. Reflecting the uncertainty of forecasting the number of new Intensive Supervision sentences (given the sentence was introduced for the first time in October 2007), actual numbers of offenders commencing a sentence was 14 per cent below forecast. 1,199 offenders started an Intensive Supervision sentence and at 30 June 2008 there were 1,119 offenders on an Intensive Supervision sentence.

Due to the phasing in of this sentence, the result for average Intensive Supervision sentences being served was skewed, and consequently the variance for this measure was 69 per cent below forecast. Variance of this size is not expected to last as it is associated with the timing of the introduction of new sentences or orders.

⁷ This sentence was introduced from 1 October 2007 and is anticipated to have an average sentence length of 12 months. It is too early to measure the completion rate.

OUTPUT 2.5: SUPERVISION SENTENCES

The Department ensures that offenders sentenced to Supervision report regularly to their Probation Officer and, if ordered by the court, fulfil special conditions that will address the reasons for their offending. Supervision may include focused interventions such as rehabilitative programmes, reintegration services or counselling that addresses their offending. Volumes of Supervision sentences were expected to reduce after 1 October 2007 as some offenders would be sentenced to Intensive Supervision as an alternative sentencing option.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|----------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing a Supervision sentence (#) | 6,359 | 4,800 | 8,302 | 73% |
| Average Supervision sentences being served (#) | new measure | 3,800 | 5,666 | 49% |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete a Supervision sentence (%) | new measure | 65% | 73% | 8% |

Comments

Despite the introduction of Intensive Supervision sentences (which was expected to reduce the number of offenders receiving Supervision sentences), the demand on the Department to ensure sentence compliance with Supervision sentences actually increased. Seventy-three per cent more offenders started a Supervision sentence than forecast due to increased activity in the courts. This increase stretched the capacity of the Department given that funding was available to manage 4,800 Supervision sentences and it necessitated the spread of resources over many more offenders while also ensuring that offenders completed their Supervision sentence. The Department successfully achieved this target and 73 per cent of offenders completed their Supervision sentence.

OUTPUT 2.6: COMMUNITY WORK SENTENCES

The Department ensures that an offender sentenced to Community Work completes the sentenced number of hours work within the community. Community Work provides for reparation to the community. The type of Community Work that can be performed is specified in the Sentencing Act (2002). As a result of the amendment to the Sentencing Act (2002), some sentenced hours may be able to be converted to basic work and living skills training.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|-----------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing a Community Work sentence (#) | 31,387 | 31,000 | 35,650 | 15% |
| Average Community Work sentences being served (#) | new measure | 19,400 | 21,580 | 11% |
| Total Community Work hours served (#) | new measure | 3,810,000 ⁸ | 2,906,231 | (24%) |
| Community Work sentence hours converted to basic work and living skills training (#) | new measure | TBR ⁹ | 1,714 | N/A |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete a Community Work sentence (%) | 75% | 70% | 64% | (6%) |

Comments

The number of offenders commencing a Community Work sentence was 15 per cent higher than forecast, increasing the average number of Community Work sentences being served, and putting significant pressure on the workload of staff tasked with ensuring that offenders comply with their Community Work sentence.

In November 2007, the forecasted number of Community Work hours served was revised from 3,810,000 to 2,670,000 to take into account the expected compliance rate when completing Community Work sentences. Actual hours served were nine per cent higher than the reforecasted number. This increase is a result of the higher than expected number of offenders commencing a Community Work sentence and is also result of factors associated with rates of arrest, the nature of offending and judicial decisions.

The Department forecast that 70 per cent of offenders commencing a Community Work sentence would complete that sentence, and by year end 64 per cent had successfully completed a community work sentence. Compliance is influenced by a wide range of variables that are not easily quantifiable and it is difficult to attribute the impact of any one particular factor to the overall positive result.

⁸ This number was reforecast to 2,670,000 with the approval of the Minister of Corrections.

⁹ No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT 2.7: PAROLE ORDERS

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

The amendment to the Parole Act (2002) became effective from 1 October 2007 and as a result the New Zealand Parole Board may impose residential restrictions on an offender as one of the conditions of the order of Parole.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|----------------|------------------------------|---------------------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing a Parole order (#) | 1,451 | 1,400 | 1,562 | 12% |
| Average Parole orders being served (#) | new measure | 1,650 | 1,657 ¹⁰ | 0% |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete a Parole order (%) | 69% | 65% | 65% | 0% |

Comments

The number of offenders commencing a Parole order is determined by decisions made by the New Zealand Parole Board.

The 12 per cent variance in the number of offenders commencing a Parole order significantly impacted the Department and resulted in increased workloads and pressure on staff. Despite the increase in workload, the Department ensured that the 65 per cent of offenders successfully completed their Parole order.

¹⁰ Parole orders can often extend over a year and therefore the average number of orders being served is greater than the number of offenders commencing an order.

OUTPUT 2.8: ORDERS FOR POST-RELEASE CONDITIONS

The Department administers Post-release conditions for prisoners with short sentences, as imposed by the judiciary at the time of sentencing. The offender's conditions are monitored by a Probation Officer.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders released on Post-release conditions (#) | 4,867 | 4,000 ¹¹ | 4,559 | 14% |
| Average orders for Post-release conditions being served (#) | new measure | 3,900 | 3,664 | (6%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete orders for Post-release conditions (%) | 65% | 65% | 64% | (1%) |

Comments

The number of offenders released on Post-release conditions is dependant on judicial decisions imposed at the time of sentencing. There were 14 per cent more offenders released on Post-release conditions than expected. Despite the high volume of offenders on Post-release conditions, successful completions were not compromised.

The average number of orders for Post-release conditions being served was six per cent below forecast, and was dependant on the length of the order imposed.

The Department forecast that 4,000 offenders would be released on Post-release conditions however in November 2007 this number was reforecast to 4,500 with the Minister of Corrections' approval. The final figure was 14 per cent higher than the original forecast amount, however the number of offenders released on Post-release conditions was in line with the reforecast amount.

¹¹ This number was reforecast to 4,500 with the approval of the Minister of Corrections. The figure was reforecast as it was expected that there would be a higher number of offender moving from short prison sentences to Post-release conditions.

OUTPUT 2.9: ORDERS FOR POST-DETENTION CONDITIONS

The amendment to the Sentencing Act (2002) became effective from 1 October 2007. This amendment resulted in the establishment of orders for Post-detention conditions. The Department now administers Post-detention conditions imposed by the court for offenders sentenced to Home Detention. The offender's conditions are monitored by a Probation Officer for the term imposed by the court.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|----------------|------------------------------|-------------------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders released on Post-detention conditions (#) | new measure | 2,500 ¹² | 204 | (92%) |
| Average orders for Post-detention conditions being served (#) | new measure | 830 | 36 | (96%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete orders for Post-detention conditions (%) | new measure | 65% | N/A ¹³ | N/A |

Comments

Orders for Post-detention conditions were introduced under the amendment to the Sentencing Act (2002). The Department reforecast the volumes of offenders released on Post-detention conditions from 2,500 to 1,950 and year-end results were 92 per cent below the reforecasted amount. This is attributed to the slow build-up of volumes of offenders on Post-detention conditions and is affected by the condition that offenders complete their Home Detention sentence before starting Post-detention conditions and by the actual numbers of offenders commencing an order. This in turn resulted in the average number of orders for Post-detention conditions being significantly below forecast.

¹² This number was reforecast to 1,950 with the approval of the Minister of Corrections. To qualify for a Post-detention order an offender must have been sentenced to Home Detention in the first instance. This number has been adjusted to reflect the forecasted number of new starts on Home Detention (1,950).

¹³ As this order only commences after the completion of a Home Detention Sentence, it is too soon to measure the completion rate.

OUTPUT 2.10: EXTENDED SUPERVISION ORDERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders commencing an Extended Supervision order (#) | 38 | 56 | 43 | (23%) |
| Average Extended Supervision orders being served (#) | new measure | 224 | 108 | (52%) |
| PERFORMANCE MEASURES | | | | |
| Offenders serving Extended Supervision orders who are eligible and have met the criteria for sentencing planning, who have a plan prepared and managed according to agreed standards (%) | 80% | 100% | 100% | 0% |

Comments

The number of offenders who commenced an Extended Supervision order was 23 per cent below forecast for the year. This resulted from fewer applications being made to courts for Extended Supervision orders.

The average number of Extended Supervision orders being served was 52 per cent below forecast. This is a reflection of the cumulative effect of fewer offenders than forecast commencing an Extended Supervision order over the past four years since these orders were implemented.

All offenders on Extended Supervision had a sentence plan in place during the year. The performance result of 100 per cent refers to this part of the standard. Extended Supervision is the most intensively managed sentence or order managed by the Community Probation and Psychological Service. This means that there is a high level of oversight and scrutiny on the Probation Officer to ensure that orders are managed to the required standards.

OUTPUT CLASS 3: CUSTODY OF REMAND PRISONERS

Under this output class the Department provides custodial services in a safe, secure and humane environment for remand prisoners. Remand prisoners are people charged with offences and people convicted but not yet sentenced.

The cost of this output class includes the cost of accommodation, supervision, security, food and medical care.

Services provided under this output class contribute to the outcomes of 'sentences and orders are complied with' and 'offenders are managed safely and humanely'.

OUTPUT CLASS STATEMENT: CUSTODY OF REMAND PRISONERS

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates* \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|------------------------------|
| | REVENUE | | | |
| 107,578 | Crown | 121,983 | 123,895 | 127,093 |
| – | Departmental | 893 | – | 968 |
| 107,578 | Total Revenue | 122,876 | 123,895 | 128,061 |
| 103,919 | Total Expenses | 128,652 | 123,895 | 128,061 |
| 3,659 | Net Surplus / (Deficit) | (5,776) | – | – |

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

| | Supp. Estimates \$000 | Section 26A Transfer \$000 | Final Appropriation \$000 |
|--|-----------------------------|----------------------------------|---------------------------------|
| | 122,951 | 5,110 | 128,061 |

OUTPUT 3.1: CUSTODY OF REMAND PRISONERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------------------|------------------------------|---------------------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average remand prisoner population (#) | 1,543 ¹⁴ | 1,661 ¹⁵ | 1,718 ¹⁶ | 3% |
| Male | 1,422 | 1,539 | 1,610 | 5% |
| Female | 93 | 100 | 82 | (18%) |
| Youth | 28 | 22 | 26 | 18% |

Comments

The average number of remand prisoners held in custody is influenced by rates of arrests and decisions of the judiciary. The total average number of remand prisoners over the year was three per cent higher than forecast.

¹⁴ On average, a further 55 prisoners were held in Police and court cells.

¹⁵ Derived from the 2006 Justice Sector Prison Population Forecast.

¹⁶ This includes an average of 23 prisoners who were held in Police cells.

OUTPUT CLASS 4: ESCORTS AND CUSTODIAL SUPERVISION

Under this output class the Department provides for services to transport prisoners in a safe, secure and humane environment to and from court, and their supervision while at court. Services provided within this output class contribute to the outcomes of 'sentences and orders are complied with' and 'offenders are managed safely and humanely'.

The cost of this output class includes the time Corrections Officers spend attending court hearings.

OUTPUT CLASS STATEMENT: ESCORTS AND CUSTODIAL SUPERVISION

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|
| | REVENUE | | | |
| 9,972 | Crown | 12,090 | 10,967 | 12,090 |
| – | Departmental | 81 | – | 89 |
| 9,972 | Total Revenue | 12,171 | 10,967 | 12,179 |
| 9,491 | Total Expenses | 11,457 | 10,967 | 12,179 |
| 481 | Net Surplus / (Deficit) | 714 | – | – |

OUTPUT 4.1: ESCORT SERVICES

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

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Prisoners escorted (#) | | | | |
| Northland/Auckland (including Police escorts) ¹⁷ | 39,221 | 37,440 | 38,269 | 2% |
| Remainder of New Zealand ¹⁸ | 9,832 | 9,000 | 9,283 | 3% |

Comments

The number of prisoners escorted to and from court is influenced by rates of arrests and decisions of the judiciary. The number of prisoners escorted was generally in line with forecasts.

OUTPUT 4.2: COURTROOM CUSTODIAL SUPERVISION SERVICES

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

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Prisoners supervised in courts (#) | | | | |
| Northland/Auckland ¹⁹ | 11,483 | 9,360 | 10,839 | 16% |
| Remainder of New Zealand ²⁰ | 10,025 | 10,250 | 10,518 | 3% |

Comments

The number of prisoners supervised in courts is influenced by rates of arrests and decisions of the judiciary. Within Northland/Auckland region, 16 per cent more prisoners were supervised than anticipated.

¹⁷ Provided by Chubb New Zealand Limited.

¹⁸ Provided by Prison Services.

¹⁹ Provided by Chubb New Zealand Limited.

²⁰ Provided by Prison Services.

OUTPUT CLASS 5: CUSTODIAL SERVICES

Under this output class the Department provides custodial services and administers custodial sentences in a safe, secure and humane environment for all offenders sentenced to imprisonment.

The cost of this output class includes the cost of accommodation, supervision, security, sentence management, food and medical care.

Services provided under this output class contribute to the outcomes of 'sentences and orders are complied with' and 'offenders are managed safely and humanely'.

OUTPUT CLASS STATEMENT: CUSTODIAL SERVICES

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates* \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|------------------------------|
| REVENUE | | | | |
| 431,057 | Crown | 524,681 | 500,472 | 519,071 |
| 6,015 | Departmental | 3,640 | 5,529 | 4,323 |
| 437,072 | Total Revenue | 528,321 | 506,001 | 523,394 |
| 435,910 | Total Expenses | 521,598 | 506,001 | 523,394 |
| 1,162 | Net Surplus / (Deficit) | 6,723 | - | - |

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

| | Supp. Estimates \$000 | Section 26A Transfer \$000 | Final Appropriation \$000 |
|--|-----------------------------|----------------------------------|---------------------------------|
| | 529,004 | (5,610) | 523,394 |

OUTPUT 5.1: MAXIMUM SECURITY MALE PRISONERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average maximum security prisoner population (#) | 63 | 64 ²¹ | 117 | 83% |
| PERFORMANCE MEASURES | | | | |
| Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%) | 71% | 95% | 28% | (67%) |

Comments

Maximum security prisoners generally serve longer sentences and have criminal histories that require participation in rehabilitative programmes before they qualify for lower security classification. As a result of the new security classification system introduced in April 2007, the number of maximum security prisoners was 83 per cent higher than forecast.

Of the prisoners classified as maximum security and who were eligible for sentence plans, only 28 per cent had sentence plans completed within 28 days from sentence commencement date. This lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 79 per cent of sentence plans were completed within 90 days. The results in this area are also a reflection of a new calculation method introduced for 2007/08 which is to be reviewed to ensure accurate reflection of operational requirements of prisoner sentence management.

Sentence plan results do not take into account prisoners who do not require a sentence plan or who for a variety of operational reasons have not received a plan (for example, refused, sick, held off-site, psychologically unstable, witness protection, or transferred between prisons).

21 Derived from the 2006 Justice Sector Prison Population Forecast.

OUTPUT 5.2: MEDIUM SECURITY MALE PRISONERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average medium security prisoner population (#) | 2,945 | 2,714 ²² | 3,210 | 18% |
| PERFORMANCE MEASURES | | | | |
| Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%) | 89% | 95% | 36% | (59%) |

Comments

Medium security prisoners generally serve longer sentences and have criminal histories that require participation in rehabilitative programmes before they qualify as minimum security. As a result of the new security classification system introduced in April 2007, the number of medium security prisoners was 18 per cent higher than forecast.

Of the prisoners classified as medium security and who were eligible for sentence plans, only 36 per cent had sentence plans completed within 28 days from sentence commencement date. This lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 91 per cent of sentence plans were completed within 90 days. The results in this area are also a reflection of a new calculation method introduced for 2007/08 which is to be reviewed to ensure accurate reflection of operational requirements of prisoner sentence management.

Sentence plan results do not take into account prisoners who do not require a sentence plan or who for a variety of operational reasons have not received a plan (for example, refused, sick, held off-site, psychologically unstable, witness protection, or transferred between prisons).

²² Derived from the 2006 Justice Sector Prison Population Forecast.

OUTPUT 5.3: MINIMUM SECURITY MALE PRISONERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average minimum security prisoner population (#) | 2,718 | 2,790 ²³ | 2,400 | (14%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%) | 92% | 95% | 46% | (49%) |

Comments

Changes to community sentencing options (which saw offenders who would previously have received custodial sentences receive community-based sentences) were introduced in October 2007 which reduced the number of minimum security prisoners sentenced to prison. This trend is expected to continue. As a result of these changes, the number of minimum security prisoners was 14 per cent lower than forecast.

Of the prisoners classified as minimum security and who were eligible for sentence plans, 46 per cent had sentence plans completed within 28 days from sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 93 per cent of sentence plans were completed within 90 days. The results in this area are also a reflection of a new calculation method which is to be reviewed to ensure accurate reflection of operational requirements of prisoner sentence management.

Sentence plan results do not take into account prisoners who do not require a sentence plan or who for a variety of operational reasons have not received a plan (for example, refused, sick, held off-site, psychologically unstable, witness protection, or transferred between prisons).

23 Derived from the 2006 Justice Sector Prison Population Forecast.

OUTPUT 5.4: FEMALE PRISONERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average medium security prisoner population (#) | 130 | 113 ²⁴ | 160 | 42% |
| Average minimum security prisoner population (#) | 242 | 223 ²⁵ | 195 | (13%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%) | 97% | 95% | 35% | (60%) |

Comments

As a result of the new security classification system introduced in April 2007, the number of medium security female prisoners was 42 per cent higher than forecast, and the number of minimum security female prisoners was 13 per cent lower than forecast.

Of the prisoners who were eligible for sentence plans, only 35 per cent had sentence plans completed within 28 days from sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 94 per cent of sentence plans were completed within 90 days. The results in this area are also a reflection of a new calculation method which is to be reviewed to ensure accurate reflection of operational requirements of prisoner sentence management.

Sentence plan results do not take into account prisoners who do not require a sentence plan or who for a variety of operational reasons have not received a plan (for example, refused, sick, held off-site, psychologically unstable, witness protection, or transferred between prisons).

²⁴ Derived from the 2006 Justice Sector Prison Population Forecast.

²⁵ Derived from the 2006 Justice Sector Prison Population Forecast.

OUTPUT 5.5: MALE YOUTH PRISONERS

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average medium security prisoner population (#) | 56 | 76 ²⁶ | 41 | (46%) |
| Average minimum security prisoner population (#) | 37 | 52 ²⁷ | 23 | (56%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%) | 93% | 95% | 41% | (54%) |

Comments

Placement in a Youth Unit is determined by a test of best interest. This test was introduced for all youth receptions to prison and objectively applied to all 18 and 19 year old prisoners; all 17 year old prisoners go directly to the Youth Units. This contributed to a fewer male prisoners being held in Youth Units than planned.

Of the prisoners who were eligible for sentence plans, only 41 per cent had sentence plans completed within 28 days from sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 93 per cent of sentence plans were completed within 90 days. The results in this area are also a reflection of a new calculation method which is to be reviewed to ensure accurate reflection of operational requirements of prisoner sentence management.

Sentence plan results do not take into account prisoners who do not require a sentence plan or who for a variety of operational reasons have not received a plan (e.g. refused, sick, held off-site, psychologically unstable, witness protection, transferred between prisons etc).

²⁶ Derived from the 2006 Justice Sector Prison Population Forecast.

²⁷ Derived from the 2006 Justice Sector Prison Population Forecast.

OUTPUT 5.6: CRIME PREVENTION

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

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| General random drug screening tests taken (#) | 3,451 | 3,744 | 3,660 | (2%) |
| Random drug screening tests taken from prisoners returning from temporary release (#) | 282 | 364 | 462 | 27% |
| Random drug screening tests taken from prisoners who are identified drug users (#) | 1,970 | 2,340 | 1,934 | (17%) |
| Other drug screening tests taken (#) ²⁸ | 6,733 | 5,638 | 5,637 | 0% |

Comments

All prisoners returning to prison from temporary release are subject to random drug tests. In 2007/08 the number of prisoners selected was 27 per cent higher than forecast and was driven by factors including the increase in prisoners on Release to Work .

Prisoners identified as drug users (IDU) are subject to random drug screening tests and are randomly selected to undergo drug tests using an algorithm applied within the offender management system. Prisoners can be selected for a drug test under multiple criteria; if a prisoner is selected for an IDU and a general random test, then only the one test is taken against the general random criteria. This process has reduced the number of IDU drug test volumes. The number of random drug tests taken was 17 per cent lower than expected.

²⁸ Other drug screening tests are defined as those undertaken on reasonable grounds on a voluntary basis.

OUTPUT CLASS 6: PRISONER EMPLOYMENT

Under this output class the Department provides prisoners with the opportunity to gain recognised qualifications and work experience through a range of employment-related activities and training.

A diverse range of structured activities is available including catering, forestry, grounds maintenance, farming and manufacturing. Release to Work opportunities are also provided to eligible prisoners.

These activities improve prisoners' chances of obtaining sustainable employment following release, thereby contributing to the outcome of 're-offending is reduced'.

OUTPUT CLASS STATEMENT: PRISONER EMPLOYMENT

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates* \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|------------------------------|
| REVENUE | | | | |
| 11,788 | Crown | 13,127 | 12,397 | 13,627 |
| – | Departmental | 362 | – | 342 |
| 28,698 | Other | 32,888 | 25,998 | 31,098 |
| 40,486 | Total Revenue | 46,377 | 38,395 | 45,067 |
| 39,158 | Total Expenses | 45,151 | 38,395 | 45,067 |
| 1,328 | Net Surplus / (Deficit) | 1,226 | – | – |

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

| | Supp. Estimates \$000 | Section 26A Transfer \$000 | Final Appropriation \$000 |
|--|-----------------------------|----------------------------------|---------------------------------|
| | 44,567 | 500 | 45,067 |

OUTPUT 6.1: PRISON-BASED WORK

This output covers the provision of employment, on-the-job training and assessment of NZQA units to prisoners in:

- land-based activities such as farming and forestry.
- manufacturing activities such as joinery and light engineering.
- internal service activities such as prison catering and grounds maintenance.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|-------------|------------------------------|------------------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average prisoners employed in prison-based work (#) | new measure | 3,748 | 3,453 | (8%) |
| Total hours prisoners are employed in prison-based work (#) | new measure | 5,374,206 | 5,859,404 | 9% |
| PERFORMANCE MEASURES | | | | |
| NZQA credits achieved per eligible prisoner employed in prison-based work (#) | new measure | TBR ²⁹ | 17 ³⁰ | N/A |

Comments

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

The average number of prisoners employed was eight per cent below forecast as a result of the sharp drop in the prison population that occurred from October 2007 to January 2008 following the introduction of new community sentencing laws.

With the introduction of the Prisoner Employment Strategy, the priority moved to ensuring prisoners are available to participate in CIE-based employment. This combined with the lower prisoner population, is reflected in reduced internal services volumes for PS.

The numbers of prisoners employed by CIE is proportionately higher and five months of strong growth was recorded from February 2008. This is a result of focussing on achieving targets linked to the Prisoner Employment Strategy, however this was not sufficient to bring the average back up to forecast.

The total number of hours prisoners were employed in prison-based work exceeded forecast by nine per cent as a result of the average hours worked per prisoner being higher than expected.

The average NZQA credits achieved per eligible prisoner employed relates only to prisoners employed in CIE activities and is a new measure for 2007/08. A result of an average of 17 credits achieved per eligible prisoner represents an increased focus on quality NZQA qualifications linked to the Prisoner Employment Strategy, and an increase in the number of CIE instructors with assessor accreditation.

29 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

30 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008. The Department consequently forecasted to deliver 11 "NZQA credits achieved per eligible prisoner engaged in training (#)"

OUTPUT 6.2: RELEASE TO WORK

This output covers the release of eligible prisoners during the day to work for private sector employers as ordinary employees. This supports their reintegration back into the community.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|----------------|------------------------------|---------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average prisoners on Release to Work (#) | new measure | 142 | 153 | 8% |
| Total hours prisoners are employed on Release to Work (#) | 157,613 | 164,211 | 345,841 | 111% |

Comments

The Department delivered 111 per cent more hours than forecast on Release to Work due to key factors such as the average number of prisoners on the programme being eight per cent higher than forecast and the availability of more fulltime jobs than expected. Over 600 prisoners went through the programme during the 2007/08 financial year, which represents an increase in activity for the Department.

Many prisoners are on seasonal contract roles and these contracts commonly work six or more days per week. Additionally, prisoners offered overtime by their Release to Work employer are able to do so with approval by the prison manager. These factors serve to increase the average number of hours worked.

OUTPUT 6.3: VOCATIONAL TRAINING

This output covers the provision of all employment-related training other than on-the-job training. For some activities, the successful completion of the training results in an externally recognised qualification.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners commencing training (#) | 1,302 | 1,710 | 1,125 | (34%) |
| Total hours prisoners are engaged in training (#) | 53,741 | 33,072 | 54,768 | 66% |
| PERFORMANCE MEASURES | | | | |
| NZQA credits achieved per eligible prisoner engaged in training (#) | new measure | TBR ³¹ | 46 | N/A |

Comments

Vocational training is delivered by both Prison Services and Corrections Inmate Employment (CIE). Despite a number of factors that affected the delivery of vocational training programmes, the Department delivered more hours than forecast to those prisoners who were able to participate.

Prison Services was limited in its ability to deliver programmes to prisoners for vocational training towards external qualifications as it experienced delays in resourcing computer suites. However prisoners who undertook training were able to use the computer facilities for extended periods of time and overall the number of hours delivered by Prison Services exceeded the forecasted number by nine per cent.

Within CIE the number of prisoners commencing a vocational training course was 14 per cent lower than forecast. Uncertainty about the continued access to student component funding (based on the number of Equivalent Full Time Student [EFTS]) at the time the forecast was set resulted in forecasts based on developing internal courses to replace previously externally provided courses. This situation did not eventuate and continued access to EFTS funding was approved in June 2007. The Department had difficulties engaging additional experienced external polytechnic training providers, with the first new provider only commencing training in June 2008. Actual hours were therefore comparable to the previous year.

³¹ No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT 6.4: COMMUNITY SERVICES

Prisoners are involved in activities benefiting local communities. Prisoners nearing their release date and who meet eligibility criteria, work outside the prison boundaries during the day in supervised work parties.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| QUANTITY | | | | |
| Average prisoners employed in community service activities (#) | 70 | 68 | 33 | (51%) |
| Total hours prisoners are employed in community service activities (#) | 79,766 | 68,000 | 40,457 | (41%) |

Comments

Prisoners who are eligible to work on community service activities are employed to undertake community services outside of prison that benefit local communities. Targets for the number of prisoners employed in community services and hours of employment were not achieved due to the lack of available supervisory custodial staff during the year, and although the number of prisoners on community services increased towards the end of the year as supervisory custodial staff became available, this was insufficient to reach target.

OUTPUT CLASS 7: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

Under this output class the Department provides rehabilitation and reintegration services to offenders serving both custodial and community-based sentences and orders. These services include:

- responsivity programmes to improve offenders' motivation to address the causes of their criminal offending
- rehabilitation programmes to address the causes of criminal offending. Assessment tools determine programme eligibility according to an offenders' criminogenic needs, responsivity and risk of re-offending
- reintegrative services to prepare for an offender's release into the community, including support for families/whānau. Emphasis is placed on services that reinforce and sustain behavioural changes by building up basic skills that support reintegration into the community
- specialist psychological services, including psychological treatment of offenders.

Activities under this output class mainly contribute to the outcome of 're-offending is reduced'. The provision of psychological services also contributes to the outcome of 'offenders are managed safely and humanely'.

OUTPUT CLASS STATEMENT: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates* \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|------------------------------|
| REVENUE | | | | |
| 47,489 | Crown | 58,598 | 50,835 | 56,398 |
| 1,454 | Departmental | 438 | – | 530 |
| 48,943 | Total Revenue | 59,036 | 50,835 | 56,928 |
| 46,126 | Total Expenses | 57,201 | 50,835 | 56,928 |
| 2,817 | Net Surplus / (Deficit) | 1,835 | – | – |

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

| | Supp. Estimates \$000 | Section 26A Transfer \$000 | Final Appropriation \$000 |
|--|-----------------------------|----------------------------------|---------------------------------|
| | 59,128 | (2,200) | 56,928 |

OUTPUT 7.1: RESPONSIVITY/MOTIVATIONAL PROGRAMMES

The Department delivers short motivational programmes, Tikanga Māori and Faith-based programmes. Attendance at these programmes improves an offender's responsivity or motivation to address identified criminogenic needs. Specific programmes include:

- Short motivational programmes, which are delivered to medium-risk short-serving sentenced prisoners (those sentenced to less than two years). These programmes are a structured four session intervention, based on the therapeutic techniques of motivational interviewing. They are designed to be delivered to individual offenders by a single facilitator.
- Tikanga Māori programmes, which are delivered to community-based offenders and sentenced prisoners (including youth in Young Offenders Units). These programmes are designed to use Māori philosophy, values, knowledge and practices to increase motivation for offenders to address their offending behaviour.
- Christian-based programmes are delivered in the Faith-based Unit at Rimutaka Prison.

SHORT MOTIVATIONAL PROGRAMMES

A short motivational programme is a low-intensity, one-on-one programme for prisoners sentenced to less than two years in prison. It is designed to motivate prisoners to understand their offending and learn how to make positive changes in their attitudes and behaviour.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners who start a short motivational programme (#) | 96 | 200 | 114 | (43%) |
| Total hours prisoners spend attending a short motivational programme (#) | 325 | 600 | 491 | (18%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete a short motivational programme (%) | 88% | 75% | 85% | 10% |

Comments

The Department forecasted more prisoners would start a short motivational programme than in previous years. The number of new starts was expected to be 200 prisoners; however a shortage of trained facilitators affected the delivery of the programme. To mitigate this, the Department invested resources in recruiting appropriately trained facilitators and developed methods to better identify prisoners who would benefit from attending the programme. Despite this, results were still below forecast.

It is encouraging to note that of those prisoners who attended a programme, 85 per cent completed the programme. This is ten per cent higher than forecast and is an indication of the quality of the programme.

TIKANGA MĀORI PROGRAMMES

Tikanga Māori programmes are motivational programmes designed to develop a sense of awareness and responsibility for an offender's behaviour and its impact on themselves, their whānau, hapū and iwi. Tikanga Māori programmes equip participants with a willingness and motivation to address their rehabilitation specifically focusing on regeneration of Māori identity and Māori practices.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total offenders who start a Tikanga Māori programme (#) | | | | |
| Prisoners | 868 | 1,053 | 808 | (23%) |
| Community-based offenders | 624 | 889 | 804 | (10%) |
| Total hours offenders spend attending a Tikanga Māori programme (#) | | | | |
| Prisoners | new measure | 56,862 | 54,968 | (3%) |
| Community-based offenders | new measure | 40,500 | 33,326 | (18%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who complete a Tikanga Māori programme (%) | | | | |
| Prisoners | 92% | 90% | 95% | 5% |
| Community-based offenders | 68% | 65% | 71% | 6% |

Comments

Prison based Programmes

Tikanga Māori programmes are delivered to both prisoners in custody and community-based offenders. In the prison based environment, these programmes provide an intensive environment for prisoners to develop a sense of awareness and responsibility for their behaviour and its impact on themselves, whānau, hapū and iwi. The number of prisoners starting Tikanga Māori programmes did not meet target as five programmes were cancelled at the Department's request due to the provider not meeting their contractual requirements. Only one of these programmes was able to be replaced.

Community-based Programmes

The number of community-based offenders starting Tikanga Māori programme was below forecast by ten per cent despite an increase in the number of programmes that started in the latter part of the year. The increase in programmes reflected an effort to maximise offender numbers on these programmes and it is intended that in 2008/09 programmes will be more evenly distributed throughout the year as the drive to maximise attendance on programmes continues.

Attendance hours are counted when an offender completes the programme; this along with the lower than forecast number of offenders commencing a programme resulted in 18 per cent lower than forecast attendance hours. Seventy-one per cent of offenders who began a Tikanga Māori programme completed the programme; six per cent more than forecast and a positive result for the Department.

FAITH-BASED UNIT

The Faith-based Unit is structured around Christian values. The core modules include personal value and purpose, transformation, restoration and reintegration. The programme is available for minimum security prisoners generally in the last 18 months of their sentence who have a desire to explore Christianity.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Average prisoners engaged in Faith-based programmes (#) | new measure | 60 | 60 | 0% |
| Total hours prisoners spend attending a Faith-based programme (#) | 18,165 | 17,820 | 16,116 | (10%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete a module at the Faith-based Unit (%) | 95% | 90% | 96% | 6% |

Comments

The number of prisoners engaged in programmes in the Faith-based Unit was as forecast, however the number of hours prisoners spent attending programmes was ten per cent lower than forecast at 16,116. Attendance hours can be affected by various factors including the availability of prisoners to participate in the programme. The completion rate for this year was six per cent higher than forecast; a positive result for the Department.

OUTPUT 7.2: SPECIAL TREATMENT UNITS

The following programmes are delivered in prison and are aimed at addressing an offender's criminogenic needs. Programmes include:

- **Sex Offender Treatment** programmes, for prisoners convicted of sex offending against children. The programmes include special treatment units at Kia Marama in Christchurch Prison and Te Piriti in Auckland Prison
- **Violence Prevention** programmes, including the delivery of group-based treatment to violent offenders in the male Violence Prevention Unit at Rimutaka Prison and the Pacific violence prevention programme
- **Drug Treatment** programmes to highly recidivist offenders with identified alcohol and drug-related needs. The output includes the delivery of alcohol and drug treatment programmes within special treatment units
- **Intensive Criminogenic** programmes delivered in a dedicated prison unit for high-risk offenders.

SEX OFFENDER TREATMENT PROGRAMMES

Sex Offender Treatment programmes provide treatment for adult sex offenders who offend against children. These programmes aim to reduce the risk of re-offending by addressing major treatment issues of child-sex offenders.

Offenders participating in the programme attend group therapy and individual therapy. It operates from the cognitive behavioural model targeting areas which lead to sex offending and provides offenders with skills to manage ongoing risk.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners who start a Sex Offender Treatment programme (#) | 102 | 80 | 88 | 10% |
| Total hours prisoners spend attending a Sex Offender Treatment programme (#) | 31,232 | 25,000 | 25,388 | 2% |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete a Sex Offender Treatment programme (%) | 97% | 95% | 94% | (1%) |
| Programmes completed where required components were completed (%) | 100% | 100% | 100% | 0% |

Comments

The demand for adult sex offenders to attend the Sex Offender Treatment programmes continued to be higher than forecast levels with ten per cent more prisoners attending the programme. The Department introduced stricter measures to assess and orientate adult sex offenders during the introductory phases of therapy to ensure that offenders who begin the programme are well equipped to complete it. The assessment determines attitudes and behaviours which lead to early exit and it also helps identify those with major responsivity issues who are then required to show positive action or be exited from the programme. In this way only prisoners who overcome debilitating responsivity issues progress to the core treatment phase.

VIOLENCE PREVENTION PROGRAMMES

Violence Prevention programmes teach offenders the skills needed to live without violence, such as controlling violent impulses and conflict resolution. The programme is designed for men who have committed serious violent offences.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners who start a Violence Prevention programme (#) | 30 | 30 | 30 | 0% |
| Total hours prisoners spend attending Violence Prevention programmes (#) | 7,376 | 7,700 | 7,449 | (3%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete a Violence Prevention programme (%) | 83% | 70% | 84% | 14% |

Comments

The Department utilised improved selection and assessment tools to ensure that more prisoners who started a Violence Prevention programme saw it through to completion. This resulted in a positive completion rate of 84 per cent, 14 per cent greater than forecast.

DRUG TREATMENT PROGRAMMES

These programmes are provided at Arohata, Waikeria and Christchurch Men's Prisons with two new units opening at Hawke's Bay and Rimutaka Prisons³². The programme is delivered in a therapeutic community to address prisoners' alcohol and substance abuse problems. The programme runs for 24 weeks.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners who start a substance abuse programme in a Drug Treatment Unit (#) | 226 | 327 | 346 | 6% |
| Total hours prisoners spend attending substance abuse programmes in a Drug Treatment Unit (#) | 53,572 | 44,145 | 85,061 | 93% |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete a substance abuse programme (%) | 33% | 75% | 55% | (20%) |

Comments

Drug Treatment programmes are delivered to prisoners in Drug Treatment Units (DTU) based in five prisons (Waikeria, Arohata, Hawke's Bay, Rimutaka and Christchurch Men's). The programme is delivered in a therapeutic community to address prisoner's alcohol and substance abuse problems. A more flexible 'open style' method of delivering the programme was trialled to enable prisoners to start and complete at different times rather than all starting and completing on the same day. This has improved access to the programme and better utilised available capacity.

Care NZ provided more programme hours per prisoner than contracted which resulted in the target for programme attendance hours being exceeded by 93 per cent.

³² The Drug Treatment Units have opened at Hawke's Bay and Rimutaka prisons.

It is important to recognise that programmes may operate over two financial years, and therefore a prisoner may be recorded as starting in one year, and completing in the following year; this impacts the calculated completion rate. Many prisoners are still engaged in treatment, and thus while started, have not yet completed the 24-week programme. The completion rate for 2007/08 was 55 per cent; 20 per cent less than forecast but was significantly better than 2006/07 where 33 per cent of prisoners on a substance abuse programme completed the programme.

A quality assurance process to ensure accurate and timely reporting of programme delivery performance was implemented.

INTENSIVE CRIMINOGENIC PROGRAMMES

The Intensive Criminogenic programme is for high-risk male offenders. It is based upon the principles of risk, needs and responsivity, cognitive behavioural, dialectical behaviour therapy and relapse prevention theories.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners who start an Intensive Criminogenic programme (#) | 9 | 20 | 21 | 5% |
| Total hours prisoners spend attending an Intensive Criminogenic programme (#) | 130 | 4,500 | 3,976 | (12%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete an Intensive Criminogenic programme (%) | N/A | 75% | 100% | 25% |

Comments

The Intensive Criminogenic programme pilot group achieved a 100 per cent completion rate. This was a positive result for the Department.

The forecast for total hours prisoners spend attending a criminogenic programme was based on the second programme starting while the first programme being piloted. However, the delivery of the second programme was delayed until after the completion of the pilot. This programme is now underway.

OUTPUT 7.3: MEDIUM-INTENSITY REHABILITATION PROGRAMMES

Programmes are delivered that address an offenders criminogenic needs, either in prison or the community.

Programmes include:

- medium-intensity rehabilitation programmes, including structured rehabilitation programmes
- Māori Therapeutic programmes delivered in Māori Focus Units and at the Northland Regional Corrections Facility
- Relapse Prevention programmes for those offenders who complete medium-intensity multiple needs and Intensive criminogenic programmes, as well as violence prevention programmes and Māori therapeutic programmes
- FOCUS programmes.

MĀORI THERAPEUTIC PROGRAMMES

Māori Therapeutic programmes are criminogenic programmes that integrate cognitive behavioural therapy and Tikanga Māori concepts to facilitate change in the offending behaviour of Māori offenders. Māori Therapeutic programmes build on tikanga as a means of increasing responsivity and will address a range of needs.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners who start a Māori Therapeutic programme (#) | 173 | 140 | 126 | (10%) |
| Total hours prisoners spend attending Māori Therapeutic programmes (#) | 14,835 | 11,200 | 10,913 | (3%) |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete a Māori Therapeutic programme (%) | 92% | 80% | 85% | 5% |

Comments

Māori Therapeutic programmes integrate cognitive behavioural therapy and Tikanga Māori concepts to facilitate change in offending behaviour to eligible prisoners. The demand for this programme remains favourable for 2007/08 and is a continuation of the trend started in 2005/06.

RELAPSE PREVENTION PROGRAMMES

Relapse Prevention groups are for offenders who have completed high-intensity and medium-intensity programmes. Relapse Prevention groups are designed to promote safe behaviour by providing a forum for review of post-release developments and treatment maintenance.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total offenders who start a Relapse Prevention programme (#) | 300 | 350 | 381 | 9% |

Comments

The Relapse Prevention programme was a new programme in 2006/07. The Department targeted offenders who had graduated from other programmes and the uptake on the programme in 2007/08 increased through the year to above forecast numbers.

OTHER REHABILITATIVE PROGRAMMES

These rehabilitative programmes include the:

- Medium Intensity Rehabilitation Programme: this programme is designed to help offenders examine the causes of their offending and develop specific skills to prevent them re-offending.
- Short Rehabilitation Programme: this programme is designed to help offenders gain a detailed understanding of their offending pattern and develop specific skills to prevent relapse.
- Saili Matagi Programme: this programme is a violence prevention programme specifically for Pacific adult male offenders. It combines a Pacific cultural model with Western group therapy, and aims to help Pacific men change their violent behaviour.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total offenders who start a rehabilitative programme (#) | | | | |
| Prisoners | 482 | 512 | 484 | (5%) |
| Community-based offenders | 356 | 508 | 385 | (24%) |
| Total hours offenders spend attending a rehabilitative programme (#) | | | | |
| Prisoners | 44,520 | 51,824 | 53,074 | 2% |
| Community-based offenders | 12,438 | 29,985 | 18,198 | (39%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who complete a rehabilitation programme (%) | | | | |
| Prisoners | 85% | 75% | 85% | 10% |
| Community-based offenders | 54% | 65% | 54% | (11%) |

Comments

The number of prisoners and community-based offenders who were able to participate in these specific rehabilitative programmes was less than forecast due to a shortage of trained facilitators. It is expected that improvements will be made in the coming year due to an increased emphasis on recruitment of trained facilitators and more effective scheduling of the programmes. The shortage of trained facilitators also impacted community-based offender attendance hours.

The number of prison based offenders who completed programmes was ten per cent higher than forecast which was a pleasing result. The number of community-based offenders who completed programmes was less than forecast by 11 per cent. This was due to internal issues such as drug use by offenders while participating in a programme. Drug use while on a programme results in the termination of an offender's participation on that programme.

FOCUS PROGRAMMES

The FOCUS programme helps young offenders to acknowledge their offending, understand themselves better, learn how to break their offending cycle, learn how to cope with uncomfortable or negative feelings and practice using skills to get on better with others.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total young offenders who start a FOCUS programme (#) | 272 | 145 | 155 | 7% |
| Total hours young offenders spend attending a FOCUS programme (#) | 3,609 | 4,850 | 5,121 | 6% |
| PERFORMANCE MEASURES | | | | |
| Young offenders assessed as appropriate to attend a programme who participate in a programme (%) | 100% | 98% | 100% | 2% |

Comments

The FOCUS programme that the Department runs for young offenders was delivered to seven per cent more young offenders than forecast and all of the programme participants completed the programme.

OUTPUT 7.4: OTHER REHABILITATIVE PROGRAMMES AND ACTIVITIES

Community-based rehabilitative programmes are delivered by external providers and are designed to address the underlying causes of re-offending:

- Sex Offender Treatment programmes
- Domestic Violence programmes
- Alcohol and Drug programmes.

SEX OFFENDER TREATMENT PROGRAMMES

Sex Offender Treatment programmes are provided by external providers across New Zealand. These programmes provide treatment for adult sex offenders who offend against children, and adolescents who have sexually abused. The treatment programmes aim to reduce the risk of re-offending by addressing major issues.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total offenders who start a Sex Offender Treatment programme (#) | new measure | TBR ³³ | 63 | N/A |
| PERFORMANCE MEASURES | | | | |
| Offenders who complete a Sex Offender Treatment programme (%) | new measure | TBR ³⁴ | 54% | N/A |

Comments

Sex Offender Treatment programmes are run by external providers over a 12 month period. During 2008/09 the Department will continue to focus efforts on increasing this completion rate, as only 54 per cent of sex offenders completed a treatment programme in 2007/08. An integral part of this work will be to ensure offenders remain motivated and supported throughout the duration of the programme.

³³ No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

³⁴ No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

DOMESTIC VIOLENCE TREATMENT PROGRAMMES

Domestic Violence prevention programmes teach offenders the skills needed to live without violence, such as controlling violent impulses and conflict resolution. The Department refers offenders to external programme providers who are accredited under the Domestic Violence Act 1995.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total offenders who start a Domestic Violence Treatment programme (#) | new measure | TBR ³⁵ | 2,203 | N/A |
| PERFORMANCE MEASURES | | | | |
| Offenders who complete a Domestic Violence Treatment programme (%) | new measure | TBR ³⁶ | 49% | N/A |

Comments

The completion rate for Domestic Violence Treatment programmes was 49 per cent. During 2008/09, the Department will continue to focus efforts on increasing this completion rate. This work will include reviewing the reporting of these figures, and also ensuring offenders remain motivated and supported throughout the duration of the programme.

ALCOHOL AND DRUG TREATMENT PROGRAMMES

Community-based alcohol and drug treatment programmes are provided by a number of external providers across New Zealand. These programmes are suitable for offenders with a history of serious substance abuse identified as contributing to their offending.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total offenders who start a community-based alcohol and drug treatment programme (#) | new measure | TBR ³⁷ | 2,826 | N/A |
| PERFORMANCE MEASURES | | | | |
| Offenders who complete a community-based alcohol and drug treatment programme (%) | new measure | TBR ³⁸ | 68% | N/A |

Comments

Alcohol and drug treatment programmes run by external providers in the community resulted in a 68 per cent completion rate. The forecasted completion rate for 2008/09 is set at 65 per cent based on this satisfactory result.

35 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

36 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

37 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

38 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT 7.5: EDUCATION

The Department seeks to improve the education standards of prisoners through the provision of foundation learning (literacy, numeracy, ESOL³⁹) and secondary school education that improve education skills and ability to gain employment after release.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|----------------|------------------------------|---------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners commencing education (#) | new measure | 3,862 | 3,119 | (19%) |
| Total hours prisoners are engaged in education (#) | new measure | 274,866 | 190,898 | (31%) |

Comments

Education programmes consist of numeracy, literacy and ESOL programmes, NCES, and secondary education courses. The lower number of prisoners participating in Education Programmes, and the lower than expected attendance hours, were due to the cessation of new enrolments in National Certificate of Employment Skills (NCES) from December 2007. This occurred because a new Foundation Skills programme (Literacy and Numeracy) will replace it in 2008/09. During 2007/08, 30,646 NCES credits were achieved and 431 NCES completion certificates were awarded.

39 English for Speakers of Other Languages.

OUTPUT 7.6: REINTEGRATION INTERVENTIONS

Reintegrative services are provided to offenders and their families/whānau in order to facilitate the transition from prison to the community or to assist community-based offenders to fulfil the conditions of their sentence or order. Reintegrative needs may include accommodation and employment, financial management, relationship management, community support, victim related issues, and health care.

Reintegration services are delivered by prison-based reintegration teams that include caseworkers, social workers and family/whānau liaison workers. The reintegration teams work collectively with other government agencies and non-government organisations that may be contracted by the Department or serve on a voluntary basis.

REINTEGRATIVE PROGRAMMES

Living skills and parenting skills programmes aim to improve prisoners' social/life skills and improve prisoners' abilities to safely and effectively parent.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Total prisoners who start a Reintegrative programme (#) | 1,022 | 960 | 1,105 | 15% |
| Total hours prisoners spend attending a Reintegrative programme (#) | 26,445 | 27,648 | 29,317 | 6% |
| PERFORMANCE MEASURES | | | | |
| Prisoners who complete a Reintegrative programme (%) | 75% | 90% | 79% | (11%) |

Comments

Reintegration programmes consist of living and parenting skills programmes that are of four to five weeks in duration. They provide prisoners with skills that facilitate their reintegration back into the community on release. The number of prisoners that started a programme and programme attendance hours exceeded forecast due to more prisoners with reintegrative needs that needed to be addressed through the programme, and the provision of additional classes.

Reintegration programmes are delivered to prisoners near the end of their sentences, and consequently completion rates can be compromised by prisoners being transferred or released before the completion of the programme.

REINTEGRATIVE SERVICES PROVIDED BY THE NEW ZEALAND PRISONERS' AID AND REHABILITATION SOCIETY

The Department's main contracted reintegrative service provider is the New Zealand Federation of Prisoners' Aid and Rehabilitation Societies Incorporated (NZPARS). Services provided by NZPARS cover the period from pre-sentence to post-release, and include the coordination and/or delivery of reintegrative services. Services provided may include information, advice and practical assistance, emotional support, development of self management skills, and coaching.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Support service hours provided (#) | 51,471 | 45,000 | 48,662 | 8% |
| Referrals to NZPARS for reintegrative services (#) | 23,853 | 25,000 | 25,964 | 4% |
| PERFORMANCE MEASURES | | | | |
| Referrals to NZPARS for reintegrative services acknowledged within five working days of receipt (%) | 100% | 95% | 100% | 5% |

Comments

NZPARS fulfilled its obligations for the 2007/08 year as outlined in the 2007/10 contract. Support service hours provided by NZPARS were eight per cent above those purchased by the Department (which the forecast reflects). This is attributable to services provided to prisoners outside of the contract at no additional cost to the Department.

SUPPORTED ACCOMMODATION SERVICES

The Supported Accommodation services operate in Auckland, Wellington and Christchurch and provides much needed accommodation and other reintegrative services to released prisoners and offenders on community-based sentences or orders.

The service targets offenders with high level reintegrative needs and who intend to reside in these areas but have no suitable accommodation. The Department ensures the offenders are suitable for the property, and that they meet their conditions of release or sentence.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders participating in a Supported Accommodation service (#) | 37 | 120 ⁴⁰ | 123 | (3%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who complete a Supported Accommodation service and gain longer-term independent accommodation (%) | 94% | 65% | 70% | (5%) |

Comments

Results for the year were in line with the original forecast of 120 offenders participating in Supported Accommodation service, however actual results were 32 per cent below the revised forecast of 180 offenders. This was a result of fewer offenders participating in a Supported Accommodation service due to issues associated with the release of offenders to suitable accommodation. These issues are currently being resolved.

40 This number was reforecast to 180 with the approval of the Minister of Corrections.

OUTPUT 7.7: COMMUNITY RESIDENTIAL CENTRES

Community Residential Centres provide a residential programme in a community-based reintegrative and structured environment. The objective is to resettle offenders back into the community through rehabilitation programmes and reintegrative services that aim to reduce the likelihood of further offending. There are three centres currently in operation nationwide; Montgomery House in Hamilton, Te Ihi Tu in New Plymouth, and the Salisbury Street Foundation in Christchurch. As part of the Department's contractual agreement, psychological services are provided to offenders attending Montgomery House.

Montgomery House provides a residential treatment programme for men who have repeatedly committed serious violent offences. It works on the premise that offenders can learn pro-social skills after they have accepted responsibility for their violence, and rejected violence as an appropriate way to behave. Montgomery House runs four 10-week programmes throughout the year and can accommodate up to 11 offenders per programme.

Te Ihi Tu is a residential programme that provides rehabilitative and reintegrative services for male offenders. The programme is aimed at men who are committed to living crime-free, but who do not have the skills, knowledge, understanding, or support to change their way of life. Te Ihi Tu runs three 13-week programmes per year for up to eight offenders per programme.

Salisbury Street Foundation provides a residential programme for men who have spent substantial time in the criminal justice system. The programme aims to prevent further offending and to facilitate safe reintegration into the community by providing vocational, recreational and educational skills, and by confronting inappropriate behaviour in a secure environment. The programme differs from the programmes run by other Community Residential Centres in that it is an open programme that can last between six and 24 months depending on an individual offender's rehabilitative needs. Offenders must complete specified objectives during the course of the programme in order to successfully complete.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Offenders who start a programme (#) | | | | |
| Montgomery House | new measure | 40 | 24 | (40%) |
| Te Ihi Tu | new measure | 24 | 12 | (50%) |
| Salisbury Street Foundation | new measure | 8 | 15 | 88% |
| Psychologist hours provided to Montgomery House (#) | 871 | 900 | 699 | (22%) |
| PERFORMANCE MEASURES | | | | |
| Offenders who successfully complete a programme (#) | | | | |
| Montgomery House | new measure | TBR ⁴¹ | 15 | N/A |
| Te Ihi Tu | new measure | TBR ⁴² | 10 | N/A |
| Average occupancy at Salisbury Street Foundation (#) ⁴³ | new measure | 12 | 7 | (42%) |
| Post-programme assessments for Montgomery House programmes completed by a psychologist (%) | 100% | 100% | 94% | (6%) |

41 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

42 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

43 This measure is a correction of the measure in the Statement of Intent 1 July 2007-30 June 2008 which had a typographical error.

Comments

Offenders starting a programme at Montgomery House were 40 per cent below forecast due to security concerns which have now been addressed by the provider.

The low number of offenders starting a programme at Te Ihi Tu was due to a lack of suitable referrals, and the cancellation of the programme scheduled to start in May 2008. The final programme under the current contract with Te Ihi Tu is due to start in September 2008. An evaluation of the Te Ihi Tu programme was completed and this will be taken into account when considering the future of the contract beyond December 2008.

The number of offenders starting a programme at the Salisbury Street Foundation was 88 per cent above target which reflects ongoing work to maintain high number of referrals and consequently new starts on the programme. However, average occupancy at Salisbury Street Foundation was 42 per cent below forecast. Further work is needed to ensure offenders are motivated to continue on the programme in order to increase the average occupancy rate.

Lower than expected psychologist hours provided to Montgomery House were due to the closure of Montgomery House for a period of time resulting in the cancellation of one programme. Psychologists were able to focus on other areas such as Community Probation outputs during this period.

One report was not completed within the timeframe allocated and this affected the post-programme assessments target. The report was completed shortly outside of the allocated timeframe.

OUTPUT 7.8: PSYCHOLOGICAL SERVICES

PSYCHOLOGICAL SERVICES

Specialist psychologist treatment services are provided to offenders serving both custodial and community-based sentences. This includes the provision of reports resulting from the referral, assessment and treatment of offenders serving custodial sentences, and of professional training and supervision relating to the delivery of responsivity/motivational and rehabilitative programmes.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Psychological consultation hours provided (#) | | | | |
| Prisons | 15,183 | 13,790 | 16,199 | 17% |
| Community probation services | 10,887 | 13,994 | 12,288 | (12%) |
| Psychological reports provided (#) | | | | |
| Prisons | 725 | 1,033 | 939 | (9%) |
| Community probation services | 1,010 | 916 | 1,143 | 25% |
| PERFORMANCE MEASURES | | | | |
| Psychological consultations that meet the agreed standards (%) | 100% | 95% | 100% | 5% |
| Psychological reports that meet the agreed standards (%) | 100% | 95% | 100% | 5% |

Comments

Within prisons, psychological consultation hours were above forecast due to activity in relation to adult sex offender groups at Auckland Prison, and facilitator supervision across the regions. However, reduced report numbers resulted from a focus on New Zealand Parole Board requests, the delivery of group-based programmes and the increasingly complex treatment needs of prisoners.

Within community-based services, a shortage in available staff impacted on the delivery of consultation hours in the Northern and Southern regions and private practitioners were utilised to reduce the impact. However, recruitment of staff progressed well in the Southern region with most vacancies now filled. Several regions reported low motivation and non-attendance by offenders as a factor in the above forecast number of reports provided. Discussions are underway with Probation Officers to address this issue.

BICULTURAL THERAPY

The Bicultural Therapy Model increases responsiveness to Māori needs by enabling both Tikanga Māori and western psychology for self-development and whānau healing.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Māori offenders who receive treatment under the Bicultural Therapy Model (#) | 314 | 350 | 318 | (9%) |
| Hours provided by Māori service providers under the Bicultural Therapy Model (#) | 3,579 | 4,000 | 4,221 | 6% |
| PERFORMANCE MEASURES | | | | |
| Māori service providers who comply with the agreed standards when delivering consultation hours under the Bicultural Therapy Model (%) | 97% | 100% | 97% | (3%) |

Comments

Less Māori offenders received treatment under the Bicultural Therapy Model than expected due to difficulty in obtaining Māori Service Providers in Dunedin and Wellington. Dunedin now has contracts in place with Māori Service Providers and Wellington is working with local Iwi to obtain the services of suitable Māori Service Providers.

OUTPUT CLASS 8: SERVICES TO THE NEW ZEALAND PAROLE BOARD

Under this output class the Department provides funding for, and administrative services to the New Zealand Parole Board. This assists the New Zealand Parole Board to meet its independent statutory responsibilities.

Services provided within this output class contribute to the outcomes of 're-offending is reduced', 'sentences and orders are complied with' and 'sentence options are used effectively'.

OUTPUT CLASS STATEMENT: SERVICES TO THE NEW ZEALAND PAROLE BOARD

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|
| REVENUE | | | | |
| 5,704 | Crown | 7,149 | 5,708 | 7,149 |
| – | Departmental | 34 | – | 64 |
| 5,704 | Total Revenue | 7,183 | 5,708 | 7,213 |
| 5,694 | Total Expenses | 6,560 | 5,708 | 7,213 |
| 10 | Net Surplus / (Deficit) | 623 | – | – |

OUTPUT CLASS 8.1: ADMINISTRATIVE SERVICES TO THE NEW ZEALAND PAROLE BOARD

This output involves the provision of administrative services to the New Zealand Parole Board.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Hearings by the New Zealand Parole Board (#) | 10,211 | 10,707 | 9,195 | (14%) |
| PERFORMANCE MEASURES | | | | |
| Cases scheduled to be heard by the Board that are scheduled within the timeline specified in the Parole Act 2002 (%) | 100% | 100% | 100% | 0% |
| Offenders who are entitled to a hearing who receive a hearing (%) | new measure | 100% | 100% | 0% |
| Offenders notified of an impending hearing within the agreed timelines (%) | new measure | 100% | 99% | (1%) |
| Victims notified of an impending hearing within the agreed timelines (%) | new measure | 100% | 98% | (2%) |
| Offenders notified of a Board decision within the agreed timelines (%) | new measure | 100% | 100% | 0% |
| Victims notified of a Board decision within the agreed timelines (%) | new measure | 100% | 100% | 0% |

Comments

Home Detention was introduced as a standalone sentence with the amendment to the Parole Act (2002). As a result of this, the volume of New Zealand Parole Board hearings reduced significantly, and despite reduced forecasts, volumes were still 14 per cent less than expected.

There were five instances where registered victims were informed of a pending hearing outside of the standard notice period of ten working days. The oversight was human error and not systemic and this issue was resolved.

There were also four instances where victims were referred from the Police during the ten days prior to a hearing. As a consequence, those victims were also informed of a pending hearing outside of the standard ten day notice period.

OUTPUT CLASS 9: POLICY ADVICE AND DEVELOPMENT

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

Also included in this output class are functions such as responding to ministerial correspondence and parliamentary questions, Official Information Act requests, and requests from the Office of the Ombudsmen.

Activities within this output class contribute to the full range of outcomes.

OUTPUT CLASS STATEMENT: POLICY ADVICE AND DEVELOPMENT

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|
| REVENUE | | | | |
| 4,981 | Crown | 4,909 | 4,881 | 4,909 |
| – | Departmental | 40 | – | 40 |
| 4,981 | Total Revenue | 4,949 | 4,881 | 4,949 |
| 4,874 | Total Expenses | 4,652 | 4,881 | 4,949 |
| 107 | Net Surplus / (Deficit) | 297 | – | – |

OUTPUT 9.1: POLICY ADVICE AND DEVELOPMENT SERVICES

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

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| PERFORMANCE MEASURES | | | | |
| Advice provided according to the work programme agreed with the Minister of Corrections (%) | 100% | 100% | 100% | 0% |
| Advice delivered to the Minister of Corrections that meets agreed standards (%) | 100% | 100% | 100% | 0% |
| Policy advice delivered to the Minister of Corrections within agreed timelines (%) | 100% | 100% | 100% | 0% |

OUTPUT 9.2: MINISTERIAL SERVICES

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

| | 2006/07 | Performance Standard 2007/08 | | |
|--|----------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Responses prepared to ministerial correspondence (#) | 295 | TBR ⁴⁴ | 256 | N/A |
| Responses prepared to parliamentary questions (#) | 873 | TBR ⁴⁵ | 573 | N/A |
| Responses to Office of the Ombudsmen requests (#) | new measure | TBR ⁴⁶ | 333 | N/A |
| Responses to Official Information Act requests (#) | new measure | TBR ⁴⁷ | 695 | N/A |
| PERFORMANCE MEASURES | | | | |
| Responses returned for redrafting to be no more than (%) | new measure | 10% | 27% | 17% |
| Responses completed within agreed timelines (%) | new measure | 100% | 45% | (55%) |

Comments

The quality of draft responses and the timeliness of responses was not as high as expected, however the Department has implemented enhanced processes in the last four months of the year to ensure that the quality of responses and the timeliness of responses improves. Analysis indicates that 75 per cent of Parliamentary Questions for the year were processed within two days of the due date.

44 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

45 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

46 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

47 No forecast was included in the Statement of Intent 1 July 2007-30 June 2008.

OUTPUT CLASS 10: SERVICE PURCHASE AND MONITORING

This output class includes:

- the provision of inspectorate services
- the development, management and monitoring of services from external providers
- agreements with other Government agencies
- community funding contracts with external providers
- contracts with Community Residential Centres.

It also includes the development and maintenance of service specifications and national systems, and provision of victim notification services and offender records services.

Activities under this output class contribute to achievement of the full range of outcomes, but particularly to 'offenders are managed safely and humanely' and 'victims of crime are supported'.

OUTPUT CLASS STATEMENT: SERVICE PURCHASE AND MONITORING

For the Year Ended 30 June 2008

| 30/06/07 Actual \$000 | | 30/06/08 Actual \$000 | Main Estimates \$000 | Supp. Estimates \$000 |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|
| REVENUE | | | | |
| 1,734 | Crown | 1,800 | 1,734 | 1,800 |
| – | Departmental | 26 | – | 14 |
| 1,734 | Total Revenue | 1,826 | 1,734 | 1,814 |
| 1,612 | Total Expenses | 1,675 | 1,734 | 1,814 |
| 122 | Net Surplus / (Deficit) | 151 | – | – |

OUTPUT 10.1: INSPECTORATE SERVICES

The Inspectorate monitors systems and standards in relation to sentence management, investigates incidents, investigates complaints received from offenders and ensures that the complaints system within prisons is working as intended. The Inspectorate also provides reports to the Department's Assurance Board and is independent of the services that it inspects.

| | 2006/07 | Performance Standard 2007/08 | | |
|--|-------------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Inspections in the Inspectorate work programme as approved by the Assurance Board (#) | | | | |
| Routine visits | 83 | 100 | 76 | (24%) |
| Special investigations | 12 | 15 | 14 | (7%) |
| Complaints received by the Inspectorate (#) | new measure | 3,000 | 2,216 | (26%) |
| PERFORMANCE MEASURES | | | | |
| Inspections carried out to agreed standards (%) | 100% | 100% | 100% | 0% |
| Routine inspection reports completed within agreed timelines (%) | 96% | 100% | 95% | (5%) |
| Special investigation reports completed within agreed timelines (%) | 94% | 100% | 95% | (5%) |

Comments

The Inspectorate reports directly to the Chief Executive and is independent of the services that it inspects. The Inspectorate also provides reports to the Department's Assurance Board. Staffing shortages have prevented the full visiting programme from being completed during the first part of the year. Priority was placed on complaints resolution, and on incident investigation and monitoring activities during this period.

The effective implementation of the prisons internal complaints system had the desired effect of reducing the volume of prisoner complaints about minor and routine matters to external agencies.

OUTPUT 10.2: SERVICES TO VICTIMS

This output involves the administration of the victim notification services. The Department has a responsibility to notify eligible victims about specific events detailed in the Victims' Rights Act 2002. The New Zealand Police refer details of eligible victims to the Department.

| | 2006/07 | Performance Standard 2007/08 | | |
|---|---------|------------------------------|--------|----------|
| | Actual | Forecast | Actual | Variance |
| EXPECTED DEMAND | | | | |
| Referrals from the New Zealand Police (#) | 513 | 600 | 499 | (17%) |
| PERFORMANCE MEASURES | | | | |
| Victims notified as per requirements (%) | 100% | 100% | 100% | 0% |

Comments

Referrals are driven by the New Zealand Police so accurately forecasting demand is difficult.



APPENDICES

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REHABILITATIVE AND REINTEGRATIVE PROGRAMMES AND SERVICES

| Type | Output | Provider | Description | Target Audience | Location (capacity) |
|-----------------------------|--------|---|---|--------------------------------------|---|
| Responsivity / Motivational | 7.1 | Department | The Short Motivational Programmes are designed to help offenders enhance their motivation to identify and address their rehabilitation needs. | Prisoners, community-based offenders | Nationwide |
| | 7.1 | Department | Tikanga Māori Programmes are designed to develop a sense of awareness and responsibility for an offender's behaviour and its impact on themselves, their whānau, hapū and iwi, by focusing on regeneration of Māori identity and Māori practices. | Prisoners, community-based offenders | Nationwide |
| | 7.1 | Department/ External Service Provider | The Faith-Based Programme is a Christian-based programme that is available to lower security prisoners generally in the last 18 months of their sentence. It is provided in partnership with the Prison Fellowship New Zealand, and core modules include personal value and purpose, transformation, restoration and reintegration. These programmes are provided within the Faith-Based Unit. | Prisoners | Rimutaka |
| Rehabilitation | 7.2 | Department | The Violence Prevention Programme assists offenders to develop skills needed to live without violence, such as controlling violent impulses and conflict resolution. These programmes are provided within the Violence Prevention Unit. | Prisoners | Rimutaka |
| | 7.2 | Department/ External Service Provider | Drug Treatment Programmes are delivered to highly recidivist offenders with identified alcohol and drug-related needs. These programmes are provided within the Drug Treatment Unit. | Prisoners | Hawke's Bay, Rimutaka, Arohata, Christchurch, Waikeria, Spring Hill |
| | 7.2 | Department | Special Treatment Unit - Rehabilitative Programmes (STU-RP) are delivered in a dedicated prison unit for high-risk male offenders and are based on the principles of risk, needs and responsivity, cognitive behavioural, dialectical behaviour therapy and relapse prevention theories. Two units were operational during 2007/08; Karaka and Puna Tatari. | Prisoners | Waikeria (Karaka), Spring Hill (Puna Tatari) |

| Type | Output | Provider | Description | Target Audience | Location (capacity) |
|----------------|--------|--|--|--------------------------------------|---|
| Rehabilitation | 7.3 | Department | The Kowhiritanga Programme for Women helps offenders examine the cause of their offending and develop specific skills to prevent them re-offending. It is co-facilitated by a psychologist and a programme facilitator. | Prisoners | Arohata, Christchurch Women's, ARWCF |
| | 7.3 | Department/ External Service Provider | Māori Therapeutic Programmes integrate cognitive behavioural therapy and Tikanga Māori concepts to facilitate change in the offending behaviour of Māori offenders. These programmes are delivered in Māori Focus Units and at Northland Prison. | Prisoners, community-based offenders | Northland, Tongariro/Rangipo, Waikeria, Wanganui, Hawke's Bay, Rimutaka |
| | 7.3 | Department | The Maintenance programme is for offenders who have completed either a high-intensity or a medium-intensity programme. It provides a forum for review of post-release developments and treatment maintenance. | Prisoners, community-based offenders | Nationwide |
| | 7.3 | Department | The Medium Intensity Rehabilitation Programme helps male offenders examine the cause of their offending and develop specific skills to prevent them re-offending. | Prisoners, community-based offenders | Nationwide |
| | 7.3 | Department | The Short Rehabilitation Programme is the condensed versions of either the Medium Intensity Rehabilitation Programme or Kowhiritanga, it helps offenders examine the cause of their offending and develop specific skills to prevent them re-offending. There are separate programmes available to male and female prisoners. | Prisoners, community-based offenders | Nationwide |
| | 7.3 | Department | The Saili Matagi Programme is a violence prevention programme specifically for Pacific adult male offenders. This programme is provided within the Pacific Focus Unit. | Prisoners | Spring Hill |
| | 7.3 | Department | The Focus Programme helps young offenders to acknowledge their offending, understand themselves better, learn how to break their offending cycle, learn how to cope with uncomfortable or negative feelings and practice using skills to get on better with others. The Programme is provided within the Youth Unit. | Prisoners, piloted in the community | Christchurch Men's, Hawke's Bay, Rimutaka, Waikeria |

| Type | Output | Provider | Description | Target Audience | Location (capacity) |
|----------------|--------|--|--|---------------------------|---|
| Rehabilitation | 7.4 | Department | The Sex Offender Treatment Programme is provided within the Kia Marama and Te Piriti Special Treatment Units for prisoners convicted of sex offending against children. | Prisoners | Christchurch Men's (Kia Marama), Auckland (Te Piriti) |
| | 7.4 | Department/ External Service Provider | Domestic Violence Programmes teach offenders the skills needed to live without violence, such as controlling violent impulses and conflict resolution. | Community-based offenders | Nationwide |
| | 7.4 | Department/ External Service Provider | Alcohol and Drug Programmes are for offenders with a history of serious substance abuse identified as contributing to their offending. | Community-based offenders | Nationwide |
| Education | 7.5 | External Service Provider | The Foundation Skills Programme allows prisoners to develop their reading, writing and numeracy skills. It enables prisoners to become functionally literate and numerate thus increasing their employment opportunities or preparing them for participation in further education or training upon release. | Prisoners | Nationwide |
| | 7.5 | Department/ External Service Provider | Secondary Education is delivered according to the needs of the offender and is provided to all prisoners 18 years of age and under. Secondary Education is provided within the Youth Unit. | Prisoners | Nationwide |
| Reintegration | 7.6 | Department/ External Service Provider | The Parenting Skills course is an intervention designed to improve the ability of prisoners to safely and effectively parent their own children. | Prisoners | Nationwide |
| | 7.6 | Department/ External Service Provider | The Living Skills course addresses offenders' reintegrative problems and their practical skills for living. The programme targets the specific social or environmental problems they will face on release, which are likely to constitute obstacles to a non-offending lifestyle following release. | Prisoners | Nationwide |

| Type | Output | Provider | Description | Target Audience | Location (capacity) |
|-------------------------------|--------|--|---|---|---|
| Reintegration | 7.6 | Department/ NZPARS | Reintegrative Services provided by NZPARS cover the period from pre-sentence to post-release, and include the coordination and/or delivery of reintegrative services. Services may include information, advice and practical assistance, emotional support, development of self management skills, and coaching. | Community-based offenders | Nationwide |
| | 7.6 | Department/ External Service Provider | Supported Accommodation Services provide much needed accommodation and other reintegrative services to released prisoners and offenders on community-based sentences or orders. | Community-based offenders | Auckland, Wellington, Christchurch, Hamilton, Hawke's Bay |
| Community Residential Centres | 7.7 | Department/ External Service Provider | Montgomery House provides a residential treatment programme for men who have repeatedly committed serious violent offences. | Prisoners on temporary release, community-based offenders | Hamilton |
| | 7.7 | Department/ External Service Provider | Te Ihi Tu is a residential programme that provides rehabilitative and reintegrative services for male offenders. The programme is aimed at men who are committed to living crime-free, but who do not have the skills, knowledge, understanding or support to change their way of life. | Community-based offenders | New Plymouth |
| | 7.7 | Department/ External Service Provider | Salisbury Street Foundation provides a residential programme for men who have spent substantial time in the criminal justice system. | Community-based offenders | Christchurch |
| Psychological Services | 7.8 | Department | Specialist Psychologist Treatment Services are provided to offenders serving both custodial and community-based sentences. This is a special referral programme that primarily deals with high-risk offenders one-on-one. | Prisoners, community-based offenders | Nationwide |

| Type | Output | Provider | Description | Target Audience | Location (capacity) |
|------------|--------|------------|--|-----------------|---|
| Employment | 6.1 | Department | Prison-based work and training covers the provision of employment, on-the-job training and assessment of NZQA credits to prisoners working in Corrections Inmate Employment industries, and also self-sufficiency activities such as food preparation and laundry. Prisoner employment is also available through unit maintenance, administered by Prison Services. | Prisoners | Nationwide |
| | 6.2 | Department | Release to Work allows eligible prisoners to be released during the day to work for private sector employers as ordinary employees. This supports their reintegration back into the community. | Prisoners | Nationwide |
| | 6.3 | Department | Trade and Technical Training courses are provided in a limited number of locations where the Department has been able to access appropriate Polytechnic providers. It covers the provision of all employment-related training other than on-the-job training. Courses include Elementary Construction, Forestry, Horticulture and Elementary Engineering. | Prisoners | Northland, Rimutaka |
| | 6.4 | Department | Community Services allow prisoners to undertake work that benefits local communities. Prisoners nearing their release date who meet eligibility criteria work outside the prison boundaries during the day in supervised work parties. | Prisoners | Rimutaka, Rolleston, Tongariro/Rangipo, Waikeria, Hawke's Bay, New Plymouth, Wanganui |
| Units | N/A | Department | Māori Focus Units were developed to provide programmes in an environment that meets the specific needs of Māori prisoners, including preparation for their release. Māori Focus Units are constituted on Tikanga Māori principles and operate within a Tikanga Māori environment. | Prisoners | Hawke's Bay (60), Waikeria (60), Tongariro/Rangipo (60), Rimutaka (60), Wanganui (60) |

| Type | Output | Provider | Description | Target Audience | Location (capacity) |
|-------|--------|--|---|-----------------|--|
| Units | N/A | Department/ External Service Provider | Drug Treatment Units aim to reduce an offender's risk of re-offending by treating alcohol and/or other drug addictions. The 24-week programme includes behavioural therapy, education on addiction and change, building new skills, group therapy and one-to-one therapy. | Prisoners | Waikeria (32), Christchurch Men's (60), Arohata (20), Hawke's Bay (60), Rimutaka (60), Spring Hill (80) |
| | N/A | Department | Special Treatment Units (STUs) at Rolleston Prison (Kia Marama) and Auckland Prison (Te Piriti) deliver group-based treatment within a therapeutic environment for prisoners with convictions for sexual offences against children. The STUs at Waikeria Prison (Karaka) and Spring Hill Corrections Facility (Puna Tatari) are for men who have repeatedly committed a range of serious crimes. | Prisoners | Auckland (60), Rolleston (60), Waikeria (40), Spring Hill (40) |
| | N/A | Department | The Violence Prevention Unit at Rimutaka Prison is the first of its kind in the world. In order to be accepted on to the programme prisoners must show a required level of motivation, and recognise that controlling the causes of their offending will reduce the likelihood of their re-offending in the future. Follow-up support on release into the community is an important aspect of the programme. | Prisoners | Rimutaka (30) |
| | N/A | Department | Self Care Units allow longer serving prisoners to spend time in a residential-style unit as they near their release. These units let the prisoners get used to living in a house or flat environment and give them the opportunity to learn and practice the skills they will need to live independently after their release. The Living Skills programme is also delivered in this Unit. Some prisoners with babies may be eligible to live in Self Care Units at Arohata, Auckland Women's and Christchurch Women's under the mother-child placement option. | Prisoners | Arohata (16), Auckland Women's (32), Christchurch Men's (20), Christchurch Women's (20), Hawke's Bay (40), Northland (48), Otago (20), Rimutaka (20), Wanganui (40), Spring Hill (80) |

| Type | Output | Provider | Description | Target Audience | Location (capacity) |
|-------|--------|--|---|-----------------|---|
| Units | N/A | Department | Youth Units house male prisoners under the age of 18, or 18 and 19 year old males deemed vulnerable (using the Prison Youth Vulnerability Scale), in a manner appropriate to their age, level of maturity and statutory requirements. The Units provide a safe and secure development environment, away from the mainstream prison population and contribute to reducing re-offending by providing access to educational, vocational, psychological and recreational activities. | Prisoners | Christchurch Men's (40), Hawke's Bay (30), Rimutaka (40), Waikeria (35) |
| | N/A | Department | The Reintegration Unit houses male prisoners who are serving the final 12 months of their sentence and who would benefit from specialist support before they return to the community. These units accommodate prisoners with a low-medium or minimum security classification and provide a structured environment where Release to Work and vocational training opportunities can be maximised. Prisoners held in these units are assisted to find accommodation and employment, as well as assistance with practical life skills such as managing debt. | Prisoners | Rimutaka (30) |
| | N/A | Department/ External Service Provider | The Faith-Based Unit is aimed at reducing the risk of re-offending by providing a programme with a strong Christian emphasis. Within a supportive environment, prisoners are provided with an opportunity to explore the Christian faith and support leading up to and following their release. | Prisoners | Rimutaka (60) |
| | N/A | Department | The Pacific Focus Unit (or Vaka Fa'aola) at Spring Hill provides a therapeutic environment where prisoners are encouraged and supported to deal with their motivational barriers to addressing offending needs. | Prisoners | Spring Hill (44) |

ASSURANCE BOARD REPORT

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 and in particular that:

- Internal controls and quality assurance environments are robust and enhanced where necessary.
- Operational, legal, financial, information technology, human resource management and security systems risks are identified and managed.
- Management of the offender environment is maintained with issues appropriately addressed when they arise.

The Department's Risk Management Framework is based on the Australian/New Zealand Standard AS/NZS 4360:2004.

During 2007/08 the Board received regular reports from Internal Audit, the Inspectorate and departmental management, including progress reports on key projects such as the Payroll Improvement Project and the Mt Eden Redevelopment Project. A continued focus for the Board is the effective implementation of the Department's reporting of non financial data. The Board maintains an oversight of the operations of the Department's Internal Audit, Inspectorate and Professional Standards Unit functions.

Since the last annual report the Chairmanship of the Board has moved to an external Board member, David Henry. There are a further three external members on the Board: Graeme Hall, Steve Ruru and Hamish Bowen. Board meetings are bi-monthly. During 2007/08, the Board reviewed and modernised its charter in line with established 'good practice'.

TABLE 1:**RECIDIVISM INDEX: 12-MONTHS FOLLOW-UP (PERCENTAGES) FOR 2006/07**

| Category | Group | Released from prison | | Beginning community sentence | |
|--|------------------------|----------------------|-------------|------------------------------|-------------|
| | | Reimprisoned | Reconvicted | Imprisoned | Reconvicted |
| All | | 27.2 | 43.5 | 7.9 | 32.5 |
| Gender | Female | 18.4 | 35.4 | 3.8 | 22.9 |
| | Male | 28.0 | 44.2 | 8.9 | 34.8 |
| Ethnicity | Māori | 30.5 | 47.9 | 9.6 | 36.5 |
| | European | 23.3 | 38.3 | 6.7 | 30.6 |
| | Pacific | 23.0 | 38.3 | 6.7 | 27.4 |
| | Other (incl. Asian) | 12.8 | 21.3 | 3.5 | 19.0 |
| Age (at prison release or start of community sentence) | <20 years | 45.1 | 65.9 | 9.6 | 46.9 |
| | 20-24 years | 32.6 | 52.2 | 8.7 | 35.9 |
| | 25-29 years | 28.6 | 46.6 | 8.5 | 32.7 |
| | 30-39 years | 26.3 | 42.3 | 7.7 | 28.1 |
| | 40 and above | 14.3 | 24.5 | 4.5 | 17.5 |
| Offence (most serious for original sentence) | Dishonesty | 42.2 | 60.0 | 11.3 | 44.1 |
| | Admin | 35.6 | 50.7 | 10.8 | 29.2 |
| | Violence | 28.1 | 46.2 | 7.9 | 32.9 |
| | Property Damage/Abuses | 26.3 | 43.1 | 8.0 | 33.8 |
| | Traffic | 17.7 | 33.4 | 6.0 | 28.4 |
| | Drug & Anti-social | 16.1 | 29.2 | 7.4 | 29.1 |
| | Sexual | 7.5 | 12.1 | 3.6 | 17.9 |
| | Other Minor offences* | (see note) | (see note) | 4.7 | 20.4 |
| Community- Sentence | Supervision | n/a | n/a | 11.5 | 33.8 |
| | Community Work | n/a | n/a | 7.2 | 33.1 |
| Inmate Security Classification (at release) | Maximum* | (see note) | (see note) | n/a | n/a |
| | High-medium | 41.2 | 58.0 | n/a | n/a |
| | Low-medium | 39.3 | 55.4 | n/a | n/a |
| | Minimum | 23.4 | 39.7 | n/a | n/a |

| Category | Group | Released from prison | | Beginning community sentence | |
|----------------------|----------------------------|----------------------|-------------|------------------------------|-------------|
| | | Reimprisoned | Reconvicted | Imprisoned | Reconvicted |
| Release Type | Parole | 21.2 | 30.7 | n/a | n/a |
| | Home Detention** | 11.7 | 17.3 | 5.5 | 13.5 |
| | Post-release Conditions*** | 28.4 | 45.8 | n/a | n/a |
| Sentence Length | 6 mth or less | 27.2 | 44.6 | 7.3 | 32.6 |
| | > 6mth but <= 1yr | 29.7 | 48.8 | 11.6 | 32.5 |
| | >1 to 2 yr | 29.3 | 44.5 | 13.5 | 30.1 |
| | >2 to 3 yr | 22.7 | 35.4 | n/a | n/a |
| | >3 to 5 yr | 22.8 | 30.6 | n/a | n/a |
| | >5 yr | 15.7 | 21.6 | n/a | n/a |
| All (2005/06) | | 27.6 | 42.3 | 8.6 | 31.8 |

Notes

Figures indicate rate of reconviction / re-imprisonment (within a subsequent 12-month period) amongst all offenders released from prison or commencing a new community sentence between 1 April 2006 and 31 March 2007. Source is CMS conviction and sentencing data, as at 15 August 2008.

* *Insufficient numbers to report*

** *"Front-end" Home Detention reported as Community Probation and Psychological Services new start, "back-end" Home Detention reported as Prison Services release*

*** *Post-release conditions was introduced by the Sentencing Act 2002; order imposed by judge at time of sentencing*

TABLE 2:**RECIDIVISM INDEX: 24-MONTHS FOLLOW-UP (PERCENTAGES) FOR 2005/06**

| Category | Group | Released from prison | | Beginning community sentence | |
|--|------------------------|----------------------|-------------|------------------------------|-------------|
| | | Reimprisoned | Reconvicted | Imprisoned | Reconvicted |
| All | | 37.9 | 57.6 | 12.8 | 44.2 |
| Gender | Female | 23.9 | 44.2 | 6.1 | 31.6 |
| | Male | 39.1 | 58.8 | 14.4 | 47.3 |
| Ethnicity | Māori | 42.1 | 62.4 | 15.0 | 49.8 |
| | European | 33.5 | 53.0 | 11.2 | 40.9 |
| | Pacific | 30.9 | 49.1 | 10.9 | 37.0 |
| | Other (incl. Asian) | 28.2 | 39.1 | 6.6 | 28.7 |
| Age (at prison release or start of community sentence) | <20 years | 57.7 | 82.1 | 16.7 | 62.2 |
| | 20-24 years | 46.3 | 69.7 | 13.9 | 50.3 |
| | 25-29 years | 42.0 | 63.4 | 13.5 | 43.2 |
| | 30-39 years | 35.5 | 54.8 | 11.9 | 37.9 |
| | 40 and above | 19.9 | 32.7 | 7.5 | 26.0 |
| Offence (most serious for original sentence) | Dishonesty | 56.3 | 74.9 | 17.6 | 56.6 |
| | Admin | 51.3 | 66.1 | 13.2 | 33.6 |
| | Violence | 38.1 | 58.9 | 12.8 | 46.0 |
| | Property Damage/Abuses | 36.4 | 60.9 | 15.3 | 50.8 |
| | Traffic | 25.9 | 46.8 | 10.0 | 38.6 |
| | Drug & Anti-social | 25.5 | 40.6 | 11.7 | 40.3 |
| | Sexual | 15.6 | 25.7 | 6.7 | 24.3 |
| | Other Minor offences* | (see note) | (see note) | 8.2 | 30.7 |
| Community- Sentence | Supervision | n/a | n/a | 17.6 | 45.6 |
| | Community Work | n/a | n/a | 11.9 | 44.8 |
| Inmate Security Classification (at release) | Maximum* | (see note) | (see note) | n/a | n/a |
| | High-medium | 65.7 | 77.8 | n/a | n/a |
| | Low-medium | 53.1 | 73.2 | n/a | n/a |
| | Minimum | 33.8 | 53.3 | n/a | n/a |

| Category | Group | Released from prison | | Beginning community sentence | |
|----------------------|----------------------------|----------------------|-------------|------------------------------|-------------|
| | | Reimprisoned | Reconvicted | Imprisoned | Reconvicted |
| Release Type | Parole | 32.9 | 45.1 | n/a | n/a |
| | Home Detention** | 20.1 | 31.8 | 7.9 | 21.7 |
| | Post-release Conditions*** | 38.8 | 59.8 | n/a | n/a |
| Sentence Length | 6 mth or less | 37.3 | 58.8 | 12.0 | 44.1 |
| | > 6mth but <= 1yr | 38.6 | 60.1 | 17.6 | 44.7 |
| | >1 to 2 yr | 43.2 | 61.1 | 19.4 | 43.1 |
| | >2 to 3 yr | 38.1 | 50.4 | n/a | n/a |
| | >3 to 5 yr | 27.7 | 38.0 | n/a | n/a |
| | >5 yr | 26.8 | 38.1 | n/a | n/a |
| All (2004/05) | | 38.8 | 55.4 | 12.7 | 41.9 |

Notes

Figures indicate rate of reconviction / re-imprisonment (within a subsequent 24-month period) amongst all offenders released from prison, or commencing a new community sentence, between 1 April 2005 and 31 March 2006. Source is CMS conviction and sentencing data, as at 15 August 2008.

* Insufficient numbers to report

** "Front-end" Home Detention reported as Community Probation and Psychological Services new start, "back-end" Home Detention reported as Prison Services release

*** Post-release conditions was introduced by the Sentencing Act 2002; order imposed by judge at time of sentencing

REPORT UNDER SECTION 190 OF THE CORRECTIONS ACT 2004

Section 190 of the Corrections Act 2004 prescribes particular issues that must be reported on in the Department's Annual Report. These issues and the Department's achievements in the period from 1 July 2007 to 30 June 2008 are detailed below.

S190(1)(A)

This aspect includes a report on the way in which the Chief Executive has carried out his functions under section 8(1)(k) and the way in which Prison Managers have undertaken their functions under section 12(d) during the year by ensuring that processes are established and maintained to identify communities significantly affected by policies and practices in the corrections system, and giving opportunities for those communities to give their views on those policies and practices, and ensured those views were taken into account, together with information on how Prison Managers have carried out this responsibility.

Regional Managers are required by the General Manager of Prison Services to engage with local communities on a regular basis. The processes established to assist engagement are described in the following publications:

- Prison Services manuals and guidelines.
- Release of Official Information: Guideline for Coordination.
- Consultation requirements as set by local authorities.
- Performance management system.

The major issues for Prison Services requiring consultation with community organisations during 2007/08 included:

- the construction and opening of new correctional facilities, and
- changes to existing operations and facilities.

Opportunities were made available for community involvement through staff and community networks, public meetings, hui, and the media. This involvement included identifying issues that could both positively and negatively impact on a community, providing opportunities for positive community contributions, and providing information on departmental and prison activities.

S190(1)(B)

This aspect includes a report on the work undertaken by Inspectors of the Department during the year including statistical information about the disposition of complaints made by persons under control or supervision during that period and comment on issues arising out of complaints or visits. This report is prepared by the Corrections Inspectorate.

Introduction

The Corrections Inspectorate is established under the provisions of section 28 of the Corrections Act 2004 as a dedicated complaints resolution, investigation and assurance function, reporting directly to the Chief Executive independently of operational line management. The legislation acknowledges the high level of risk attached to sentence management by providing a level of legislative prescription, protection and access for the agents of the Chief Executive in matters related to sentence management generally and the secure prison environment in particular.

Community-based sentences have continued to generate a very low volume of complaints to the Inspectors, with only four received in 2007/08. None of these complaints were upheld. The reasons for the low volume are twofold. Firstly, the Community Probation and Psychological Service has traditionally had a robust internal complaints process in place for offenders. As a result, offender issues are effectively resolved at operational level. Secondly, community-based offenders are largely able to carry on with their normal lives while serving their sentences. They therefore have ready access to their normal support networks, and the coercive power of the State is significantly less immediate than is the case for someone serving a sentence of imprisonment.

This report therefore deals primarily with prison related matters.

Complaints to the Inspectors of Corrections

The effective and timely resolution of prisoner complaints is a key area of the Inspectors' work. For reasons of safety, security, fairness and the mitigation of risk the Department expects prisoners' issues and concerns to be resolved as soon as practicable and at the lowest possible organisational level – in the normal course of events that is, within the prison, at unit floor level. It is the responsibility of unit staff to resolve prisoner concerns by taking the appropriate action before they escalate into complaints or incidents. For those occasions where lower level resolution does not occur, or is not possible, the legislation provides the Department with a two tiered system of internal complaints resolution. At prison site level, a robust, auditable internal complaints system is required so that prisoners can formally take matters for resolution to their Unit Manager or Prison Manager. This constitutes the first tier.

The Inspectorate constitutes the second tier of internal complaints resolution. As such it is effectively the Department's last opportunity to resolve a complaint before external agencies or Court action become involved. 2007/08 is the second year in succession where there has been a reduction in the number of prisoner complaints to the Inspectorate compared with the previous year. This combined with a comparable rise in matters dealt with through the prisons' internal complaints system is an encouraging confirmation that prisons are beginning to deal more effectively with prisoner concerns through their own internal complaints systems. This indication continues to be reinforced by the low incidence of justified complaints to the Inspectors. Only 84 complaints out of a total of 2,223 complaints to an Inspector, or 3.8 per cent, were deemed to be justified during 2007/08, which compares favourably with 121 from a total of 3,094 (3.9 per cent) in 2006/07.

There remains one matter of general concern arising from the complaints-related activity during the year. While there has been some improvement, residual concerns remain surrounding the approach of some unit staff to complaints. While they may be well intentioned, the efforts of some unit staff to ensure that issues are resolved at the lowest level can be counter-productive. Unit staff are required to offer to resolve an issue for a prisoner, but that is the most they can do. They must not, for example, insist that the prisoner disclose his or her concerns at unit officer level before being given access to the formal complaints system. Access to the system must be provided if that is what the prisoner seeks, and the necessary forms should be readily available in all units for the prisoners to use. Managers must remain vigilant in order to ensure that the correct perspective is maintained where complaints are concerned. Complaints are a normal part of prison life and a volume of complaints is not only to be expected, but in fact welcomed. A steady level of complaints is more generally an indicator of prison health than otherwise.

A number of specific areas of activity have been drawn to management's attention during the year, arising out of the Inspectors' complaints activity. As noted in the last two annual reports, the most significant of these remains prisoner property.

There is a continuing high incidence of complaints related to prisoners' property. During 2007/08, 357 property-related complaints were received of which 23 (6.1 per cent) were found to be justified; a higher rate than last year. The proposed comprehensive review of prisoner property has not yet taken place.

The rate of justified complaints related to staff conduct and attitude has dropped significantly from 13.9 per cent last year to 8.4 per cent in 2007/08. While this is still significantly more than the average rate of justified complaints across all complaint categories (3.8 per cent) the drop is encouraging and indicates an increasing level of experience and active management at unit level. It may also indicate that the recent lower prison musters have resulted in a less stressful environment for prisoners and staff alike.

Prison Visit Focus Reviews

The Inspectorate's prison visiting programme includes a number of system reviews which focus on those areas of prison activity that generate the greatest level of risk to safe, fair and humane treatment. The same four focus review areas undertaken last year were continued in 2007/08 because of their critical nature in terms of ensuring the safe, fair and humane treatment of prisoners. They were:

- the use of force system
- the system for identifying and managing prisoners at risk to themselves
- the prisons' internal complaints system
- the arrangements prisons have in place to ensure that regular sanitation and hygiene inspections by an independent specialist are carried out and any issues arising are addressed.

The results of these reviews were as follows:

The Use of Force System

A reasonable to high level of assurance can be given that the required system for managing the use of force is in place and being operated in practice. Some minor recording matters were drawn to management's attention at some sites but in general, use of force incidents were well documented. As noted in the last annual report there is ongoing evidence that prisoners were given every reasonable opportunity to comply with a lawful order before force was used. This system is considered sufficiently robust in operation in the meantime. It will be replaced on the Inspectorate's focus review menu for 2008/09 by a review of Directive Segregation.

The System for Identifying and Managing Prisoners At Risk to Themselves

A reasonable level of assurance can be given that the system for identifying and managing prisoners at risk to themselves is in place and being operated in practice. This system is, however, critical to safe and secure custody and will remain on the focus review menu for 2008/09.

The Prisons' Internal Complaints System

As was the case in 2006/07, a reasonable level of assurance can be given that the required system for managing prisoner complaints at prison site level is in place at most locations. However, as noted above, some ongoing but isolated shortcomings remain. This system will remain on the focus review menu for 2008/09.

The System for Managing Independent Sanitation and Hygiene Inspections

A reasonable level of assurance can be given that there is a system in place at all prison sites to ensure that regular independent expert health and sanitation checks of the prison are carried out. A reasonable level of assurance can also be given that any shortcomings noted by the health and sanitation inspectors are recorded and addressed. This system is also critical to safe custody and will remain on the focus review menu for 2008/09.

Investigations

In addition to their prison visiting and complaints resolution activities, the Inspectors completed 14 full investigations of significant prison incidents during 2007/08, most of which related to deaths in custody. In the interests of transparency, the Inspectors have also continued to monitor the conduct and outcome of a number of internal prison investigations into other prisoner related incidents and allegations.

The most consistent areas of concern arising out of the investigations and monitoring assignments carried out by the Inspectors during 2007/08 remain as reported last year:

- the need for staff to carry out an adequate level of supervision, observation and routine security checking of prisoners
- the need for assessing staff to carry out an adequate level of cross matching of information when completing prisoner self-harm risk assessments
- the need for staff to report all incidents in a timely fashion, and for reports to be submitted by all staff who are involved in an incident.

As with the matters arising out of the Inspectors' complaints activities and routine visits, these areas of concern are the subject of adequate and well-proven systems, instructions and procedural requirements. The issues identified are more about the compliance in practice with those systems. That they remain of concern is indicative of a need for a greater degree of in-service training and staff supervision rather than concerns regarding the systems themselves. In this regard it is encouraging to note that there is a major review proposed for the current Policy and Procedure Manual.

The Department of Corrections has come through a long period of change and development at the strategic level. Prison Services has recently completed a major review of its management structure. There is an ongoing emphasis on the basics of day to day operations, and while the full effects of the recent restructuring are yet to bed in, it is hoped that this will ensure that line managers are properly supported and have sufficient time and resource to effectively monitor and mentor their areas of responsibility.

Conclusion

The Inspectorate has reported progressively throughout the year on the matters arising out of their various activities to operational management to the Chief Executive and the Assurance Board. It is encouraging to note the ongoing positive response at all levels to the Inspectorate's findings, recommendations and observations, and the genuine desire for ongoing improvement.

It cannot be stressed enough that prisons are, and will remain difficult and dangerous places to manage and to work in. They provide an easy target for criticism, generalisation and sensationalism. The Inspectorate remains of the view, however, that the Department can be proud of the quality of its services and of the ongoing dedication and professionalism of its staff and managers. While isolated incidents will always generate a disproportionate level of interest and attention, their view is based on the largely positive findings arising out of the Inspectors' visiting, investigation and review activities, and the reducing incidence of justified complaints to the Inspectorate throughout the year.

SECTION 190(1)(C)(D)(E)

This aspect describes the processes and systems in place during the year to supervise and control the monitoring of prisoner calls under this Act; and gives an approximate proportion of the prisoner calls monitored (otherwise than merely recorded) and the number of calls disclosed under section 117(1) and (2) to any person other than an employee of the Chief Executive or a contractor. This aspect also reveals an approximate proportion of those prisoner calls disclosed, the number of proceedings against a prisoner for a disciplinary offence in which a recording of any of those calls was used in evidence.

Legislative authority for the Department to monitor prisoners' telephone calls is provided under sections 111 to 112 of the Corrections Act.

Monitoring prisoners' calls is a key step in maintaining a secure prison environment and preventing crime. The purpose of monitoring prisoners' telephone calls (other than exempt calls) is to increase public safety, making it easier to prevent, discourage, detect, investigate and prosecute the commission of offences which involve prisoners.

During 2007/08, the Department designed, developed and implemented appropriate systems and staff resources to monitor prisoners' telephone calls. Currently all prisons have prisoner phone call monitoring equipment and trained staff in place to implement the new system. The information gathered is being used to identify security risks and criminal activity within prisons, and is being shared and acted on with other agencies within the justice sector.

The Department's Prisoner Telephone Monitoring System (PTMS) commenced in November 2007 and was rolled out in April 2008. During 2007/08, the approximate proportion of prisoner calls monitored (otherwise than merely recorded) was 2.6 percent. The number of calls disclosed (internally and externally) was 121. There were no proceedings against a prisoner for a disciplinary offence in which a recording of any of those calls was used in evidence. On the occasions when PTMS disclosures were to be used as evidence in a court hearing, the prisoner pleaded guilty prior to the recording being used.

SECTION 190(1) (F)

This aspect provides a report on the measures taken to reduce drug and alcohol use by prisoners, the effectiveness of those measures and random-testing programmes, including a summary of results of those programmes;

The Department's progress in reducing drug and alcohol use by prisoners is reported on pages 12 and 17 of this Annual Report.

SECTION 190(1) (G)

This aspect provides a report on the operation of every security contract in force for the whole, or any part, of the year to which the annual report relates, including:

- a summary of reports forwarded to the Chief Executive under S171(2) and (3)
- a summary of reports made to the Chief Executive under S172(2) (b)
- a summary of actions taken in relation to the operation of security contracts as a result of matters raised in any report forwarded.

Chubb New Zealand Limited has met all the obligations in its contract with the Department and provides monthly reporting outlining performance measures such as task numbers, escapes, releases in error, prisoner deaths, prisoner injuries, complaints, staff personal grievances and disciplinary actions.

There have been two variations to the Department's contract with Chubb New Zealand Limited in 2007/08. Variation 4 allows Chubb to provide court escort duties at Papakura District Court for jury trials, and Variation 5 requires prisoners escorted by Chubb to wear waist restraints while being transported. Vehicles have been upgraded and staff trained to ensure compliance to the Department's policy and procedures manual.

SECTION 190(1) (H)

This aspect provides a report on the operation of every security contract that was in force for the whole, or any part, of the year to which the annual report relates; including a summary of reports by the manager of the contract prison, including:

- a summary of reports forwarded to the Chief Executive under S214(2) and (3)
- a summary of reports made to the Chief Executive under S215(2) (b)
- a summary of actions taken in relation to the management of contract prisons as a result of matters raised in any report forwarded.

No prisons were operated under contract during 2007/08.

REPORT UNDER SECTION 15A OF THE PAROLE ACT 2002

Section 15A(4) of the Parole Act 2002 requires the Department of Corrections to include in its Annual Report information about the use of electronic monitoring. The following information relates to the 2007/08 financial year:

- the number of offenders who were at any time subject to an electronic monitoring condition;
- the average number of offenders who were subject to an electronic monitoring condition and the average duration of the condition;
- the percentage of offenders who, while subject to an electronic monitoring condition attaching to an extended supervision order, were
 - convicted for a breach of the condition, or
 - convicted of any other offence.
- a description of processes and systems relating to electronic monitoring that were in place during the year reported on.

The number of offenders who were at any time during the 2007/08 financial year subject to electronic monitoring condition:

- Ten offenders were subject to electronic monitoring condition;
- One offender was electronically monitored as a special condition of parole, and nine offenders were electronically monitored as a condition of extended supervision.

The average number of offenders who were subject to an electronic monitoring condition and the average duration of the condition:

- The average number of offenders subject to electronic monitoring condition during 2007/08 was six offenders. The average duration of an electronic monitoring condition was six months.

The percentage of offenders who, while subject to an electronic monitoring condition attaching to an extended supervision order were convicted for a breach of the condition or convicted of any other offence:

- Four of the ten offenders subject to electronic monitoring during 2007/08 were convicted for a breach of the condition, or convicted of another offence.

A description of processes and systems relating to electronic monitoring that were in place during the year:

Following changes to the sentencing Act 2002 that took effect in October 2007, electronic monitoring is now used to ensure compliance with:

- the terms of a curfew imposed on an offender who is subject to a sentence of community detention;
- the terms of a curfew imposed on an offender who is subject to a Home Detention sentence or order imposed by the Courts;
- conditions imposed on a parolee by the New Zealand Parole Board.

Electronic monitoring equipment comprises a transmitter installed on the offender's ankle that communicates via a continuous radio signal with a base unit installed in the offender's residence. If the offender:

- leaves the confines of the premises;
- does not return to the property at times when he/she is required to be at the premises; or
- interferes with the equipment

the base unit transmits an alarm to a central monitoring centre. The monitoring centre then activates the appropriate response to the alarm including advising the offender's supervising Probation Officer.

Prior to recommending electronic monitoring, the Department considers the suitability of the offender's proposed address and assesses the safety and welfare of any occupants proposing to reside with the offender. In all cases the other occupants in the premises must consent to having an offender who is subject to electronic monitoring residing with them.

The Department has a contract with Chubb New Zealand Limited, for the provision of equipment (including installation), electronic monitoring services and a response service for offenders.

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