



# PART B: STATEMENT OF SERVICE PERFORMANCE

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## STATEMENT OF RESPONSIBILITY

In terms of the Public Finance Act 1989, section 45C, I am responsible, as Chief Executive of the Department of Corrections, for the preparation of the Department's financial statements and statement of service performance, and for the judgements made in these statements.

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

In my opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Department for the year ended 30 June 2010.

Signed

Countersigned



**Barry Matthews**

Chief Executive

30 September 2010

**John Bole**

General Manager  
Finance, Systems and Infrastructure

30 September 2010

## AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

### TO THE READERS OF THE DEPARTMENT OF CORRECTIONS' FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General is the auditor of the Department of Corrections (the Department). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit on her 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 2010.

#### UNQUALIFIED OPINION

In our opinion:

- The financial statements of the Department on pages 47 to 88:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Department's financial position as at 30 June 2010;
    - the results of its operations and cash flows for the year ended on that date;
    - its expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2010; and
    - its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- The statement of service performance of the Department on pages 25 to 46:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2010, 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 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2010. The financial statements must also fairly reflect the Department's unappropriated expenses and capital expenditure for the year ended on that date.

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

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

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

### **INDEPENDENCE**

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

In addition to the audit we have carried out 3 independent probity and quality assurance reviews over tenders, a review of tendering processes for the provision of services and review of governance arrangements for a specific programme. These areas are compatible with those independence requirements.

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



C. Ramoo

#### **Audit New Zealand**

On behalf of the Auditor-General  
Wellington, New Zealand

## INFORMATION SERVICES

This appropriation is limited to the provision of information about offenders to the judiciary and the New Zealand Parole Board to inform their respective decision-making processes, the administration of home leave for prisoners, and the provision of victim notification services.

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual	Actual	Main	Supp.
	\$000	\$000	Estimates	Estimates
			\$000	\$000
<b>REVENUE</b>				
Crown	42,868	53,851	63,523	53,851
Departmental	252	366	286	394
<b>Total Revenue</b>	<b>43,120</b>	<b>54,217</b>	<b>63,809</b>	<b>54,245</b>
<b>Total Expenses</b>	<b>43,816</b>	<b>54,132</b>	<b>63,809</b>	<b>54,245</b>
<b>Net Surplus / (Deficit)</b>	<b>(696)</b>	<b>85</b>	<b>-</b>	<b>-</b>

### OUTPUT: INFORMATION SERVICES TO COURTS

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

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Psychological reports provided to Court at least two working days before sentencing (%)	100%	100%	99%	(1%)
Probation reports provided to Court at least two working days before sentencing (%)	new measure from 2009/10	95%	93%	(2%)
Probation Officer full-time equivalents required to complete court reports (#)	new measure from 2009/10	173	219	27%
Probation Officer full-time equivalents required for court attendance (#)	new measure from 2009/10	60	68	13%
<b>Activity Information</b>	<b>Actual</b>	<b>Budget Standard</b>	<b>Actual Standard</b>	<b>Variance (%)</b>
Psychological reports provided to courts (#)	108	150	111	(26%)
Probation reports provided to courts (#)	44,596	43,112	59,334	38%
Court attendance hours (#)	90,107	81,896	92,888	13%

**COMMENTS:**

The number of Probation Officer full-time equivalents required to complete court reports has seen a substantial increase above the budget standard of 173; as such the number of Probation Reports provided by the Department to the judiciary was 38 percent higher than the budget standard. The increased number of court reports were delivered within existing budget and resources. The growth represents the increased number of convictions and the increased flow of work through the court system; this has also impacted the number of hours that Probation Officers have been required to attend court proceedings.

**OUTPUT: INFORMATION SERVICES TO THE NEW ZEALAND PAROLE BOARD (NZPB)**

Parole assessment reports provide information to the New Zealand Parole Board to assist with decisions regarding a prisoner's release from prison. The Department also provides progress reports to the New Zealand Parole Board on offenders' compliance with the conditions of their parole orders. Information on Extended Supervision orders is provided to the New Zealand Parole Board.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Psychological reports provided to the NZPB at least five weeks prior to the hearing date (%)	100%	100%	99%	(1%)
Parole progress reports provided to the NZPB at least 15 days prior to the hearing date (%)	n/a <sup>1</sup>	95%	51%	(46%)
Probation Officer full-time equivalents required to complete Board reports (#)	new measure from 2009/10	28	40	43%
Activity Information	Actual	Budget Standard	Actual Standard	Variance (%)
Parole assessment reports prepared for the Board (#)	5,322	5,290	5,928	12%
Psychological reports prepared for the Board (#)	1,103	1,106	1,112	1%
Probation reports provided to the Board (#)	new measure from 2009/10	400	465	16%
Board Application for Extended Supervision Order conditions (#)	24	35	32	(9%)

**COMMENTS:**

The demand for reports to the New Zealand Parole Board was over the budget standard expected. The number of Parole Assessment reports prepared for the Board was 12 percent over the budget standard expected while the number of probation reports was 16 percent over the budget standard expected. The number of reports provided to the Board is demand driven, and is dependent on the number of requests from the Board; the increased number of Probation reports represents requests from the Board for progress reports relating to offenders' compliance with the conditions of their release from prison.

The timeliness of the parole progress reports was impacted by the increased volume of offenders the Department has experienced during the 2009/10 financial year. The percentage of parole progress report being provided to the New Zealand Parole Board at least 15 working days prior to the hearing date was 46 percent under the standard expected. However, a total of 70 percent of all parole progress reports required were provided within 10 working days prior to the hearing. The Department is focussed on improving this performance and will continue to work closely with the New Zealand Parole Board.

<sup>1</sup> Information was not available for 2008/09

## OUTPUT: SERVICES TO VICTIMS

This output involves the administration of the victim notification services. The Department has a responsibility to notify eligible victims about specific events as detailed in the Victims' Rights Act 2002. The New Zealand Police refer details of eligible victims to the Department.

	2008/09	2009/10		
<b>Performance Measures</b>	<b>Actual</b>	<b>Budget Standard</b>	<b>Actual Standard</b>	<b>Variance (%)</b>
Victims notified as per requirements (%)	100%	100%	100%	0%
<b>Activity Information</b>	<b>Actual</b>	<b>Budget Standard</b>	<b>Actual Standard</b>	<b>Variance (%)</b>
Referrals from the New Zealand Police (#)	433	600	537	(11%)

### COMMENTS:

The number of referrals from the New Zealand Police was 11 percent under the standard expected; however the number has increased by 24 percent on the 2008/09 financial year. The referrals are driven by the New Zealand Parole Board; as such the Department has no direct control over the number of referrals received. The Department has notified all victims as per requirements under the Victims' Rights Act 2002.



## POLICY ADVICE AND MINISTERIAL SERVICES

This appropriation is limited to the provision of ministerial services, the development of policies and the provision of policy advice.

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	4,923	5,463	4,771	5,463
Departmental	39	43	40	46
<b>Total Revenue</b>	<b>4,962</b>	<b>5,506</b>	<b>4,811</b>	<b>5,509</b>
<b>Total Expenses</b>	<b>4,859</b>	<b>5,109</b>	<b>4,811</b>	<b>5,509</b>
<b>Net Surplus / (Deficit)</b>	<b>103</b>	<b>397</b>	<b>-</b>	<b>-</b>

### OUTPUT: POLICY ADVICE AND DEVELOPMENT SERVICES

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

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Advice provided according to the work programme agreed with the Minister of Corrections (%)	100%	95%	100%	5%
Advice delivered to the Minister of Corrections that meets agreed standards (%)	100%	95%	99%	4%
Policy advice delivered to the Minister of Corrections within agreed timelines (%)	95%	95%	100%	5%



## OUTPUT: MINISTERIAL SERVICES

The Department provides responses to ministerial correspondence and parliamentary questions, Official Information Act requests, and requests from the Office of the Ombudsmen.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Responses to parliamentary questions completed within five working days (%)	90%	100%	98%	(2%)
Responses to ministerial correspondence completed within 15 working days (%)	new measure from 2009/10	100%	94%	(6%)
Ministerial correspondence completed at first draft (%)	86%	90%	92%	2%
Activity Information	Actual	Budget Standard	Actual Standard	Variance (%)
Responses prepared to ministerial correspondence (#)	497	300	542	81%
Responses prepared to written parliamentary questions (#)	241	850	353	(58%)

### COMMENTS:

An increased level of ministerial correspondence was received than expected. This resulted in an 81 percent variance against the budget standard. However there were substantially less parliamentary questions than expected; resulting in a 58 percent variance. Both of these standards have been adjusted for the 2010/11 financial year.

Since the change in administration in November 2008, there have been increased volumes of Ministerial correspondence requested.

## PRISON-BASED CUSTODIAL SERVICES MULTI-CLASS OUTPUT APPROPRIATION

### CUSTODY OF REMAND PRISONERS

This output class is limited to the provision of custodial services for remand prisoners (people awaiting trial, and offenders convicted but not yet sentenced).

### CUSTODY OF SENTENCED PRISONERS

This output class is limited to the provision of custodial services for offenders sentenced to imprisonment.

The overall average prison population for the 2009/10 financial year was 8,415 prisoners, one percent under the 2008 Justice Sector Prison Population Forecast<sup>2</sup> of 8,484; this peaked at 8,816 prisoners on 30 June 2010 (an all time high).

The demand for remand prisoner accommodation was 12 percent under the budget standard expected with a corresponding lower spend on prisoner costs. The average remand prison population for the 2009/10 financial year was 1,828, 12 percent below the 2008 Justice Sector Prison Population Forecast. The number of prisoners held on remand in custody is influenced by rates of arrest and decisions of the judiciary and as such are outside of the Department's direct control. The throughput of remand prisoners during the 2009/10 financial year was approximately 13,500 a 2.3 percent increase when compared to the 2008/09 financial year (13,200). Accommodating remand prisoners remains a challenge due to the volatility and the requirements to hold remand prisoners close to the court in which they need to appear; the majority of demand for remand accommodation is in the Northland/Auckland region.

The demand for sentenced prisoner accommodation was three percent over the budget standard expected however the mix of accommodation required was different to that expected which contributed to lower prisoner costs. The average sentenced prison population for the 2009/10 financial year was 6,587, three percent above the 2008 Justice Sector Prison Population Forecast. The throughput of sentenced prisoners during the 2009/10 financial year was approximately 9,000 a 4.7 percent increase when compared to the 2008/09 financial year (8,600).

### OUTPUT CLASS STATEMENT: CUSTODY OF REMAND PRISONERS

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	135,437	148,756	121,352	148,756
Departmental	1,001	1,252	926	1,347
<b>Total Revenue</b>	<b>136,438</b>	<b>150,008</b>	<b>122,278</b>	<b>150,103</b>
<b>Total Expenses</b>	<b>137,869</b>	<b>145,430</b>	<b>122,278</b>	<b>150,103</b>
<b>Net Surplus / (Deficit)</b>	<b>(1,431)</b>	<b>4,578</b>	<b>-</b>	<b>-</b>

<sup>2</sup> The 2008 Justice Sector Prison Population Forecast was used to set the budget standards for the 2009/10 financial year.

## OUTPUT CLASS STATEMENT: CUSTODY OF SENTENCED PRISONERS

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	527,458	548,129	586,068	548,129
Departmental	4,107	4,404	4,503	4,741
<b>Total Revenue</b>	<b>531,565</b>	<b>552,533</b>	<b>590,571</b>	<b>552,870</b>
<b>Total Expenses</b>	<b>515,779</b>	<b>542,663</b>	<b>590,571</b>	<b>552,870</b>
<b>Net Surplus / (Deficit)</b>	<b>15,786</b>	<b>9,870</b>	–	–

A large proportion of the Department's year end under spend is contained within this Multi Class Output Appropriation. The under spend is mostly the result of unutilised disaster recovery funding and lower than expected prisoner, staff and head office costs.

## OUTPUT CLASS: CUSTODY OF REMAND PRISONERS

This Department provides custodial services for remand prisoners (people awaiting trial, and offenders convicted but not yet sentenced).

Activity Information	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average remand prisoner population (#)	1,785	2,085	1,828	(12%)
- Male (#)	1,654	1,922	1,698	(12%)
- Female (#)	101	129	107	(17%)
- Youth (#)	30	34	23	(32%)

### COMMENTS:

The average number of remand prisoners held in custody is influenced by rates of arrest and decisions of the judiciary. The total average number of remand prisoners for the 2009/10 financial year was 12 percent below the budget standard. The number of remand prisoners held in custody has increased by 2.4 percent over the 2008/09 financial year.

## OUTPUT CLASS: CUSTODY OF SENTENCED PRISONERS

The Department provides custodial services for offenders sentenced to imprisonment.

	2008/09	2009/10		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Prisoners who are eligible and have met the criteria for sentence planning have a plan prepared within (%):	new measure from 2009/10	85%	78%	(8%)
– 28 days for prisoners sentenced to 6 months or less; and				
– 60 days for prisoners sentenced to more than 6 months				
Activity Information	Actual	Budget Standard	Actual Standard	Variance (%)
Average sentenced prisoner population (#)	6,227	6,399	6,587	3%
– Male (#)	5,833	6,006	6,154	2%
– Female (#)	336	331	380	15%
– Youth (#)	58	62	53	(15%)

## SHARED OUTPUT: HEALTH SERVICES

The Department provides health assessments and primary health care for prisoners in custody.

	2008/09	2009/10		
Activity Information	Actual	Budget Standard	Actual Standard	Variance (%)
The number of prisoners who receive a health screening upon reception (#)	new measure from 2009/10	25,573	23,801	(7%)
Prisoner health consultations with a prison doctor (#)	new measure from 2009/10	26,917	26,671	(1%)
Prisoner health consultations with a prison nurse (#)	new measure from 2009/10	217,270	203,808	(6%)

### COMMENTS:

The health services output experienced a reduction in the demand for services. This was impacted by the decrease in the number of remand prisoners held during the 2009/10 financial year.

## SHARED OUTPUT: CRIME PREVENTION

The Department uses drug testing as a deterrent against the use of drugs by prisoners whilst in prison. This is complemented by other drug control activities such as check points, dogs, and cell searches.

	2008/09	2009/10		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
The number of General Random drug screening tests completed (#)	3,700	3,926	3,915	0%

## PRISONER EMPLOYMENT

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

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	15,393	23,933	13,332	23,933
Departmental	362	533	318	467
Other	32,978	37,187	25,998	35,998
<b>Total Revenue</b>	<b>48,733</b>	<b>61,653</b>	<b>39,648</b>	<b>60,398</b>
<b>Total Expenses</b>	<b>49,398</b>	<b>57,796</b>	<b>39,648</b>	<b>60,398</b>
<b>Net Surplus / (Deficit)</b>	<b>(665)</b>	<b>3,857</b>	<b>-</b>	<b>-</b>

The Prisoner Employment output class is under spent mainly due to favourable valuations in forestry and livestock.

### OUTPUT: PRISONER EMPLOYMENT

The Department provides employment, work-based training and assessment of National Qualifications Framework (NQF) credits to prisoners. Eligible prisoners are provided with work related training to support their reintegration into the community on release from prison. Prisoners nearing their release date and who meet eligibility criteria, work outside the prison boundaries during the day in supervised work parties to support their reintegration back into the community.

	2008/09	2009/10		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Average number of prisoners learning industry-based skills through Corrections Inmate Employment (incl. Release to Work) (#)	new measure from 2009/10	3,043	2,721	(11%)
Average hours worked per seven-day week by prisoners learning industry-based skills through Corrections Inmate Employment (incl. Release to Work) (#)	new measure from 2009/10	35	33	(6%)
Average number of credits achieved by prisoners learning industry-based skills under the National Qualifications Framework through Corrections Inmate Employment (#)	new measure from 2009/10	24	27	13%
Average number of prisoners on the Release to Work Programme (#)	150	154	117	(24%)
Average number of prisoners employed in prison-based work through Prison Services (#)	1,576	1,800	1,596	(11%)
Average hours worked per seven-day week by prisoners employed in prison-based work through Prison Services (#)	new measure from 2009/10	22	28	27%
Average prisoners employed in community service activities (#)	45	68	60	(12%)

**COMMENTS:**

The average number of prisoners employed in both Corrections Inmate Employment and prison-based work for the 2009/10 financial year was 11 percent below the standard expected. The prisoner employment standard was not met due to the delays in some opportunities which had been identified for prisoner employment; these opportunities will now continue into the 2010/11 financial year.

Prisoners learning industry-based skills during the 2009/10 financial year achieved on average 27 credits per prisoner under the National Qualifications Framework. Growth experienced in non-commercial employment training has resulted in prisoners being able to achieve credits in a shorter elapsed time; a positive result for the Department.

The release to work initiative allows minimum security prisoners who meet strict eligibility criteria to engage in paid employment in the community, with a view to gaining employment on release. On average 117 prisoners were employed on the release to work programme during 2009/10. The adverse economic conditions experienced in the labour market during 2009/10 impacted the Department's ability to meet the standard expected.

Prisoners employed in prison-based work for Prison Services undertake cleaning, grounds maintenance and general duties. With fewer prisoners than planned available to be employed in prison-based work due to the introduction of the Prisoner Employment Strategy, prisoners were able to work six hours per week longer on average.

## PRISONER TRANSPORTATION AND COURTROOM SUPERVISION

This appropriation is limited to the provision of transportation for prisoners to and from court and the supervision of prisoners while at court.

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	11,015	11,906	12,261	11,906
Departmental	86	97	91	104
<b>Total Revenue</b>	<b>11,101</b>	<b>12,003</b>	<b>12,352</b>	<b>12,010</b>
<b>Total Expenses</b>	<b>10,566</b>	<b>10,483</b>	<b>12,352</b>	<b>12,010</b>
<b>Net Surplus / (Deficit)</b>	<b>535</b>	<b>1,520</b>	<b>-</b>	<b>-</b>

A lower contract price negotiated for Prisoner Escort and Courtroom Custodial Services (PECCS) has contributed to the overall under spend in this output class.

### OUTPUT: PRISONER TRANSPORTATION

Remand and sentenced prisoners are escorted to and from court safely, securely and humanely, as required by the judiciary.

Activity Information	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Prisoners escorted (#)	new measure from 2009/10	46,440	47,373	2%
- Northland/Auckland (including Police escorts)	35,668	37,440	36,520	(2%)
- Remainder of New Zealand	9,898	9,000	10,853	21%



## OUTPUT: COURTROOM SUPERVISION

Remand and sentenced prisoners are supervised while at court safely, securely and humanely, as required by the judiciary.

Activity Information	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Prisoners supervised in courts (#)	new measure from 2009/10	19,770	23,624	19%
- Northland/Auckland	9,960	9,520	11,876	25%
- Remainder of New Zealand	10,313	10,250	11,748	15%

### COMMENTS:

The demand for prisoner transportation services in the Northland/Auckland region was slightly under the standard expected, however the prisoner transportation services for the remainder of New Zealand experienced significant demand at 21 percent over the budget standard; overall there is a minimal variance against the prisoner transportation service.

There has been a substantial increase in the courtroom supervision service which was 19 percent above the standard expected. The demand for this service is outside of the control of the Department and is influenced by the rates of arrest and decisions of the judiciary. The growth represents the flow of work through the court system as highlighted in the Output Class Information Services.

## REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

Provision of prison and community-based responsivity and rehabilitative programmes, reintegrative services and psychological services designed to address the underlying causes of criminal re-offending.

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	58,137	66,495	74,186	66,495
Departmental	531	605	524	652
<b>Total Revenue</b>	<b>58,668</b>	<b>67,100</b>	<b>74,710</b>	<b>67,147</b>
<b>Total Expenses</b>	<b>58,638</b>	<b>64,585</b>	<b>74,710</b>	<b>67,147</b>
<b>Net Surplus / (Deficit)</b>	<b>30</b>	<b>2,515</b>	<b>-</b>	<b>-</b>

The year end under spend is due to a reduction in programme delivery and some programmes having lower than budgeted unit costs.

### OUTPUT: EDUCATION

The Department seeks to improve the education standards of prisoners through the provision of foundation learning (literacy, numeracy, ESOL<sup>3</sup>) and secondary school education that improve education skills and a prisoner's ability to gain employment after release. This measure also includes prisoners who undertake self-directed learning.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
The number of prisoners commencing literacy and numeracy training (#)	2,158	2,514	3,501	39%
Prisoners who complete literacy and numeracy training (%)	new measure from 2009/10	TBR <sup>4</sup>	9%	-

<sup>3</sup> ESOL – English for Speakers of Other Languages

<sup>4</sup> To Be Reported – no budget standard was set in respect of this measure for 2009/10

**COMMENTS:**

The number of prisoners commencing education was 39 percent over the expected budget standard. More prisoners than planned participated in correspondence and extramural courses. Of the total prisoners commencing education, 1,305 prisoners commenced self-directed learning; a substantial increase over the expected standard which contributed to the 39 percent variance.

The nine percent completion rate reported for prisoners who complete literacy and numeracy training represents those prisoners who have been assessed by a tutor as having reached a satisfactory level of completion of a literacy and numeracy programme. Prisoners who have completed a programme but have not been deemed to have met a satisfactory level of understanding in respect of the programme content are excluded from this result.

An assessment tool<sup>5</sup> has been developed by the Tertiary Education Commission which will enable the Department to improve the way it measures gains in literacy and numeracy. The assessment tool will inform the development of learning interventions that strengthen literacy and numeracy skills. The assessment tool will also allow learners to track their progress over time and enable educators and organisations to report on the progress made by groups or cohorts of learners.

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5 <http://www.tec.govt.nz/Resource-Centre/Software-tools/Literacy-and-Numeracy-for-Adults-Assessment-Tool/>

## OUTPUT: REHABILITATION PROGRAMMES

The Department delivers a number of rehabilitative programmes to both prisoners and offenders. These are targeted at addressing factors relating to offending. Community-based rehabilitative programmes that are delivered by external providers include child sex offending, domestic violence and alcohol and drug interventions.

The Department uses a Bi-cultural Therapy Model that increases responsiveness to Māori needs by enabling both Tikanga Māori and western psychology for self-development and whānau healing.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Total prisoners who start a rehabilitation programme delivered through Prison Services (#)	new measure from 2009/10	2,051	2,206	8%
Prisoners who complete a rehabilitation programme delivered through Prison Services (#)	new measure from 2009/10	1,762	1,763	0%
Total prisoners who complete a rehabilitation programme delivered through Prison Services (%)	new measure from 2009/10	86%	80%	(7%)
Total offenders who start a community-funded programme (#)	new measure from 2009/10	2,170	3,280	51%
Total hours offenders spend attending a community-funded programme (#)	new measure from 2009/10	101,900	140,837	38%
Offenders who complete a community-funded programme (%)	new measure from 2009/10	64%	52%	(19%)
Total prisoners who start a Special Treatment Unit programme (#)	new measure from 2009/10	226	230	2%
Total hours prisoners spend attending a Special Treatment Unit programme (#)	new measure from 2009/10	54,150	56,747	5%
Prisoners who complete a Special Treatment Unit programme (%)	new measure from 2009/10	82%	78%	(5%)
Total offenders/prisoners who start a Medium Intensity Rehabilitation programme (#)	new measure from 2009/10	1,707	2,076	22%
Total hours offenders/prisoners spend attending a Medium Intensity Rehabilitation programme (#)	new measure from 2009/10	91,829	114,080	24%
Offenders/prisoners who complete a Medium Intensity Rehabilitation programme (%)	new measure from 2009/10	70%	72%	3%
Māori offenders/prisoners who receive treatment under the Bi-cultural Therapy Model (#)	377	350	322	(8%)
Total hours offenders/prisoners spend attending a Bi-cultural Therapy Model programme (#)	4,352	4,000	3,927	(2%)
Offenders who start a Tikanga Māori programme (#)	941	1,150	1,278	11%
Total hours offenders spend attending a Tikanga Māori programme (#)	45,728	46,000	55,125	20%
Offenders who complete a Tikanga Māori programme (%)	new measure from 2009/10	65%	87%	34%

## COMMENTS:

The total number of offenders who start a community-funded programme has exceeded the budget standard by 51 percent. More offenders than expected have been required to attend domestic violence programmes due to the impact of public awareness campaigns and the number of offenders with special conditions to attend these programmes. In addition, the number of hours offenders spent attending these programmes exceeded the budget standard by 38 percent. The percentage of offenders who completed a community-funded programme was under the budget standard by 19 percent. A reduction in performance is driven by the low tolerance of non-compliance of offenders in regards to the eligibility criteria to be part of this programme.

The total number of offenders/prisoners who start a Medium Intensity Rehabilitation programme exceeded the budget standard by 22 percent due to the opportunity to increase the programme capacity. Furthermore, offenders/prisoners spent more hours attending these programmes with a 24 percent increase over the budget standard.

The Tikanga Māori programme for offenders has increased substantially over the budget standard expected with 11 percent more offenders starting, 20 percent more hours being spent on the programme and 34 percent more offenders than expected completing the programme; a positive result for the Department. Tikanga Māori programmes are provided by external providers and focus on helping Māori offenders look towards a more positive future; through enabling them to better understand and appreciate their past. The success of the programmes, as indicated by the high completion rate has lead to an increase in demand and more programmes than budgeted being delivered. The number of hours attended has also increased due to more programmes being delivered and offenders attending those programmes.

## OUTPUT: REINTEGRATIVE SERVICES

Reintegrative services are provided to offenders and their families/whānau in order to facilitate the transition from prison to the community or to assist offenders serving sentences in the community 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.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Total prisoners who start a reintegration programme (#)	1,103	790	997	26%
Total prisoners who complete a reintegration programme (#)	new measure from 2009/10	711	851	20%
Prisoners who complete a reintegration programme (%)	72%	90%	85%	(6%)
Total offenders participating in a Supported Accommodation service (#)	183	200	202	1%
Offenders who complete a Supported Accommodation service and gain longer-term independent accommodation (%)	77%	65%	80%	23%
Offenders who start a programme in a Community Residential Centre (#)				
- Montgomery House	29	32	0	(100%)
- Salisbury Street Foundation	11	8	16	100%
Offenders who successfully complete a programme at Montgomery House (%)	new measure from 2009/10	65%	0%	(100%)
Average occupancy at Salisbury Street Foundation (#)	11	11	8	(27%)
Support service hours provided by New Zealand Prisoners' Aid and Rehabilitation Society (#)	51,553	48,000	52,266	9%
Number of offenders who receive reintegrative services through New Zealand Prisoners' Aid and Rehabilitation Society (#)	10,582	19,000	11,905	(37%)

**COMMENTS:**

The number of prisoners starting and completing reintegration programmes were over the standard expected due to the active management of prisoners which led to programmes being run at full class sizes of 12, instead of the minimum (nine prisoners per class) and staff working to encourage the prisoners to participate in the programmes. The additional new starts were delivered at no extra cost to the Department.

The percentage of offenders who complete a supported accommodation service and gain longer-term independent accommodation was 23 percent above the budget standard, a positive result for the Department. This is an intensive reintegration programme which requires close management of both provider performance and offender participation, which is reflected in the success rates of offenders gaining longer-term independent accommodation.

The number of offenders who start a programme in a Community Residential Centre was impacted by the cancellation of the Montgomery House contract in the early part of the 2009/10 financial year. No prisoners started or completed the programme in Montgomery House. For Salisbury Street Foundation, there were more completions and evictions in 2009/10 than anticipated; this resulted in an increase in the number of new offenders starting the programme.

The variance of 37 percent exists as the budget standard was set for the first time in 2009/10 where an estimate of the number of files created was incorrectly assumed to equate to the number of prisoners receiving support services. The budget standard set for 2010/11 is 12,500.

**OUTPUT: PSYCHOLOGICAL SERVICES**

Specialist psychologist treatment services are provided to offenders serving both custodial and community-based sentences. These include the provision of reports resulting from the referral, assessment and treatment of offenders serving custodial sentences, and professional training and supervision relating to the delivery of responsivity/motivational and rehabilitative programmes.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Psychological consultation hours provided (#)	35,378	28,684	37,658	31%
Psychological reports provided (#)	2,659	2,026	2,879	42%

**COMMENTS:**

The number of psychological consultation hours is above the budget standard expected due to higher completion rates than anticipated for the Kowhiritanga programmes.

The number of psychological reports are above target as a result of psychologists writing briefer reports to suit their intended purpose and a focus on high risk offenders in the community.

## SENTENCES AND ORDERS SERVED IN THE COMMUNITY

This appropriation is limited to the management and delivery of sentences and orders served in the community.

The number of new sentences and orders commencing in the 2009/10 financial year was 74,042<sup>6</sup>, a nine percent increase over the expected standard. The average offender population serving sentences and orders for the 2009/10 financial year was 45,015<sup>7</sup> offenders, a nine percent increase over the average for the 2008/09 financial year of 41,347.

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	130,353	171,589	150,920	171,589
Departmental	2,558	2,702	763	2,570
<b>Total Revenue</b>	<b>132,911</b>	<b>174,291</b>	<b>151,683</b>	<b>174,159</b>
<b>Total Expenses</b>	<b>130,396</b>	<b>171,330</b>	<b>151,683</b>	<b>174,159</b>
<b>Net Surplus / (Deficit)</b>	<b>2,515</b>	<b>2,961</b>	–	–

The year end under spend in the Sentences and Orders served in the Community output class is the result of lower than anticipated costs for some sentences and orders.

### OUTPUT: HOME DETENTION SENTENCES

These sentences imposed by the court require the offender to reside at an approved address under strict conditions and with strict monitoring, including electronic monitoring. Offenders may also be required to undertake rehabilitation programmes or counselling that address their offending.

The Department administers Post-Detention Conditions for offenders who have served Home Detention sentences, if imposed by the court at the time of sentencing.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Probation Officer full-time equivalents required to manage offenders on Home Detention (#)	new measure from 2009/10	198	168	(15%)
Percentage of Home Detention sentences with Post-Detention Conditions (%)	new measure from 2009/10	75%	79%	5%
<b>Activity Information</b>	<b>Actual</b>	<b>Budget Standard</b>	<b>Actual Standard</b>	<b>Variance (%)</b>
Offenders commencing a Home Detention sentence (#)	new measure from 2009/10	3,302	3,472	5%
Average number of Home Detention sentences being served (#)	2,163	3,032	2,597	(14%)

<sup>6</sup> This includes a further 2,280 new starts for Post-Detention Conditions (an order considered a subset of Home Detention), four new starts for Compassionate Release and one new start on a Home Detention Order during 2009/10.

<sup>7</sup> This includes a further four offenders on Compassionate Release during 2009/10.



**COMMENTS:**

The Probation Officer full-time equivalents required to manage offenders on Home Detention and the average number of Home Detention sentences being served was overstated in the Information Supporting the Estimates of Appropriations in 2009/10, which has resulted in larger variances being 15 percent and 14 percent respectively.

**OUTPUT: COMMUNITY-BASED SENTENCES**

The Department ensures that offenders sentenced to Community Work complete the number of hours sentenced in the required timeframe within the community. Offenders sentenced to Community Detention comply with the curfew periods imposed by the court. Offenders on Community Detention are electronically monitored and are required to remain at a specific address during curfew hours.

Offenders sentenced to Supervision report regularly to their Probation Officer and, if ordered by the court, fulfill special conditions that will address the reasons for their offending.

Offenders sentenced to Intensive Supervision address the causes of their offending with intensive oversight from a Probation Officer. Intensive Supervision may include in-depth, focused interventions. This sentence provides a higher level of supervision, a wider range of programme options and has a more complex set of special conditions than those available under the Supervision sentence.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Probation Officer full-time equivalents required to manage offenders on Community-Based sentences (#)	new measure from 2009/10	523	594	14%
Total community work hours served (#)	3,285,373	3,075,000	3,754,618	22%
Activity Information	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a Community-Based sentence (#)	55,648	56,019	62,108	11%
Average number of Community-Based sentences being served (#)	33,934	41,307	36,801	(11%)

**COMMENTS:**

The number of Probation Officer Full-Time Equivalent required to manage offenders on Community-Based sentences was 14 percent higher than the budget standard due to the number of offenders commencing a new Community-Based sentence being 11 percent higher than expected. During 2008/09 there were significant increases in the number of offenders commencing sentences and orders served in the community, these trends have continued into 2009/10.

The total number of community work hours served was 22 percent higher than expected; the proportion of community work offenders being managed through their sentence and therefore completing more hours has increased as a result of increased management and staff focus and initiative. Throughout the year there has been strong emphasis on ensuring sentence compliance and there has been improved reporting on community work compliance.

## OUTPUT: POST-RELEASE ORDERS

The Department administers post-release conditions as imposed by the court at the time of sentencing for prisoners with short sentences.

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

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.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Probation Officer full-time equivalents required to manage offenders on Post-release orders (#)	new measure from 2009/10	164	186	13%
Average number of Post-release orders subject to residential restrictions (#)	new measure from 2009/10	200	237	19%
Activity Information	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a Post-release order (#)	6,001	6,154	6,177	0%
Average number of Post-release orders being served (#)	5,241	6,155	5,613	(9%)

### COMMENTS:

The average number of Post-release orders subject to residential restrictions has seen a 19 percent variance above the budget standard. There was a higher offender population for Extended Supervision and a lower offender population against offenders serving Parole with full residential restrictions.

## SERVICES TO NEW ZEALAND PAROLE BOARD

Provides for services to the New Zealand Parole Board relating to the provision of administrative, financial and secretariat services.

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	6,066	6,404	5,536	6,404
Departmental	50	56	78	60
<b>Total Revenue</b>	<b>6,116</b>	<b>6,460</b>	<b>5,614</b>	<b>6,464</b>
<b>Total Expenses</b>	<b>5,930</b>	<b>5,832</b>	<b>5,614</b>	<b>6,464</b>
<b>Net Surplus / (Deficit)</b>	<b>186</b>	<b>628</b>	<b>-</b>	<b>-</b>

### OUTPUT: ADMINISTRATIVE SERVICES TO THE NEW ZEALAND PAROLE BOARD

The Department provides administrative services to the New Zealand Parole Board.

Performance Measures	2008/09	2009/10		
	Actual	Budget Standard	Actual Standard	Variance (%)
Cases scheduled to be heard by the Board that are scheduled no later than 16 weeks from the date of the hearing (%)	99%	100%	100%	0%
Offenders notified of an impending hearing no later than 14 days from the date of the hearing (%)	98%	100%	95%	(5%)
Victims notified of an impending hearing no later than 28 days from the date of the hearing (%)	99%	100%	100%	0%
Offenders notified of a Board decision no later than 14 days following receipt of the signed decision (%)	92%	100%	96%	(4%)
Victims notified of a Board decision no later than 14 days following receipt of the signed decision (%)	97%	100%	88%	(12%)
<b>Activity Information</b>	<b>Actual</b>	<b>Budget Standard</b>	<b>Actual Standard</b>	<b>Variance (%)</b>
New Zealand Parole Board hearings where administrative support was provided (#)	8,260	8,000	8,597	7%

### COMMENTS:

The New Zealand Parole Board is funded for 8,000 hearings; the result for 2009/10 was seven percent higher than the budget standard.

There were four cases of victims not receiving written notifications of a Board decision within the specified timeframes; however the victims were informed of the Board's basic decision by telephone (declined or released) within the timeframes.

## MANAGEMENT OF THIRD PARTY CUSTODIAL SERVICES

This appropriation is limited to preparing for and managing contracts for the provision of custodial services by third parties.

### OUTPUT CLASS STATEMENT

For the year ended 30 June 2010

	2008/09	2009/10		
	Actual \$000	Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
Crown	–	1,000	–	1,000
Departmental	–	–	–	–
<b>Total Revenue</b>	–	<b>1,000</b>	–	<b>1,000</b>
<b>Total Expenses</b>	–	<b>734</b>	–	<b>1,000</b>
<b>Net Surplus / (Deficit)</b>	–	<b>266</b>	–	–

#### COMMENTS:

This appropriation was set up specifically for the implementation cost of the Public-Private Partnership (PPP) project and the contract management of two existing prisons for the provision of custodial services.

Output Performance Measures have been set for the 2010/11 financial year. Both of these projects were in the initial stages of development during the 2009/10 financial year and did not have measures associated with performance.

Cabinet approved the Prison Capacity Supply and Procurement 2010-2019 Business Case (Stage 1) on 12 April 2010 and instructed the Department to establish governance and a project team for the provision of a new prison at Wiri which the Government intends to be designed, built and managed as a public-private partnership.

On 10 May 2010 Cabinet approved the contract management of the joint Mt Eden/Auckland Central Remand Prison. The key deliverables for the 2009/10 financial year have been achieved, which included the pre-tender process, staff and stakeholder consultation, and site selection agreed. A Request for Proposal was released on 24 May 2010.