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378-1-072
August 8, 1994

**A STUDY OF
THE INMATE ECONOMY**

**Corporate Review Sector
Correctional Services Canada**

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A STUDY OF THE INMATE ECONOMY

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Corporate Review Sector
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INTRODUCTION

The inmate economy in Correctional Service of Canada (CSC) institutions is made up of:

1. the above-ground economy, and
2. the underground economy.

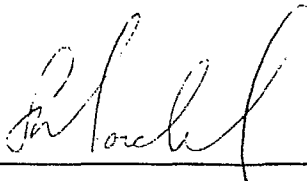
The above-ground economy is based on the regular inmate pay, CORCAN incentive pay and all sources of income from outside the institutions. It also includes inmate expenditures on canteen purchases, Inmate Trust Fund (ITF) purchases and bulk purchases (i.e., internal purchase from the Inmate Welfare Fund/clubs), as well as all money sent out for family support and for other reasons.

The underground economy basically arises because inmates have money at their disposal, mainly from the above-ground economy inside the institution as well as from sources in the community, to engage in predominantly illicit activities.

To gain an understanding of the overall inmate economy, we first identified the offenders' sources of revenue as well as the expenditures allowed under current CSC national policies, regional instructions and institutional standing orders. Although this study was primarily conducted at Joyceville Institution (Ontario Region) and Springhill Institution (Atlantic Region), in certain sections of this report information will be presented from all five regions, so that the results of the detailed studies at Joyceville and Springhill can be examined in the context of a national perspective. The second part of this study looked at the underground economy, primarily through interviews with staff and inmates. When available, we also examined records to support some of the information gathered during these interviews.

This study was performed during May and June 1994, by the following members of the Corporate Review Sector:

- Bob Hurtubise (Project Leader)
- Deborah Olver
- Ted Senkowski
- Alan Swaine



Laval Marchand
Assistant Commissioner
Corporate Review

PART I - ABOVE-GROUND ECONOMY

OFFENDER INCOME

(a) Primary Sources of Income

The offenders' primary source of revenue is the regular inmate pay system. All inmates currently employed at institutional jobs, and those who are not employed but available for work, get a wage ranging from \$1.60 per day to \$6.90 per day. Those inmates who choose not to work and cannot be excused for medical reasons get no pay. The inmate pay scale applies to maximum, medium and minimum institutions. The following table shows how much inmates were paid for fiscal year 1993-94, by region and pay level.

**Inmate Pay by Region
For 1993-94**

Description	Atlantic	Quebec	Ontario	Prairies	Pacific	Total	%
Average Population	1,260	3,645	3,635	2,734	1,695	12,969	
Regular Pay							
Level 1 - \$1.60 per day	\$88,325	\$267,996	\$142,697	\$249,062	\$41,293	\$789,374	4%
Level 2 - \$5.25 per day	623,888	1,226,861	2,086,650	1,110,299	644,557	5,692,255	32%
Level 3 - \$5.80 per day	278,653	773,443	818,227	719,773	403,991	2,994,087	17%
Level 4 - \$6.35 per day	172,486	657,359	663,189	624,508	312,330	2,429,872	13%
Level 5 - \$6.90 per day	447,837	1,653,489	1,263,271	721,028	970,453	5,056,078	28%
Overtime	44,817	227,184	207,565	163,378	32,259	675,203	4%
Misc. Adjustments	11,332	85,347	218,446	10,840	25,279	351,244	2%
Total Regular Pay	\$1,667,337	\$4,891,680	\$5,400,045	\$3,598,889	\$2,430,161	\$17,988,113	100%
Average Earnings per inmate	\$1,323	\$1,342	\$1,485	\$1,316	\$1,434	\$1,387	

Note: See Appendix "A" for a detailed analysis of pay levels as a percentage of total pay expenditure by region.

The table shows that in 1993/94, inmates earned close to \$18 million from the regular inmate pay. Only 4% of this was paid out at the lowest pay rate of \$1.60 per day. Using the figure of 260 working days per year, we established that on a daily basis, about 1,900 inmates are getting paid at the daily rate of \$1.60. On the other hand, most inmates earn at least \$5.25 per day and some as high as \$6.90 per day, which gives them an overall salary of between \$52.50 and \$69.00 every two weeks.

In addition to the regular inmate pay, a number of inmates across the country can earn incentive pay from other sources. For example, some offenders working for CORCAN, manufacturing a number of different products, are entitled to incentive pay. Other offenders work for outside enterprises such as Scott Paper in Nova Scotia and the provincial government and public utility companies in British Columbia.

This additional income amounts to over \$1.1 million per year, as illustrated by the following table.

**Inmate Incentive Pay and Other Employment Income by Region
For 1993-94**

Description	Atlantic	Quebec	Ontario	Prairies	Pacific	Total	%
Number of Inmates	(a) 18	453	177	79	47	774	
CORCAN Incentive Pay	\$0	\$258,444	\$467,699	\$122,196	\$30,272	\$878,895	76%
Outside Agencies	(b) 109,177	0	0	0	(c) 163,104	272,281	24%
Total Earnings	109,177	258,444	467,699	122,196	193,376	1,151,176	100%
Average Earnings per Inmate	\$6,065	\$571	\$2,642	\$1,546	\$4,114	\$1,487	

- (a) This is a monthly average as the employment at Scott Nursery is seasonal. The program may employ as few as 6 inmates off season and as many as 35 at the height of the season.
- (b) Scott Paper Tree Nursery Program - Springhill Institution in Nova Scotia
- (c) Money earned by inmates from service contracts with public utility companies or government departments.

In summary, offenders have three primary sources of income from employment: CSC's regular inmate pay, which they receive for performing institutional jobs; incentive pay, which they earn for manufacturing CORCAN products; and moneys they earn from outside agencies. The following table summarizes inmate employment income from all three sources.

**Inmate Total Earnings from Employment
For 1993-94**

Description	Atlantic	Quebec	Ontario	Prairies	Pacific	Total	%
Regular Pay	\$1,667,337	\$4,891,680	\$5,400,045	\$3,598,889	\$2,430,161	\$17,988,113	94%
CORCAN Incentive Pay	0	258,444	467,699	122,196	30,272	878,895	5%
Outside Agencies	109,177	0	0	0	163,104	272,281	1%
Total Pay	\$1,776,514	\$5,150,124	\$5,867,744	\$3,721,085	\$2,623,537	\$19,139,289	100%

In total, inmates earned more than 19 million dollars from employment in 1993-94.

(b) Other Sources of Income

In addition to employment, inmates have other sources of income. For the purpose of this report, the discussion of these other sources of income is mainly limited to Joyceville and Springhill institutions. They can, however, apply to all our institutions; the only difference is the amount of money received by the inmates. The following table illustrates the total income that inmates receive at both institutions (from employment income and other sources).

**Inmate Total Earnings from Employment and Other Sources
Comparative Figures for Joyceville and Springhill Institutions
For 1993-94 (Pay periods 1 to 26)**

Description	Joyceville	% of Income	Springhill	% of Income
Number of Inmates	620		556	
Income From Employment				
Regular Inmate Pay	\$795,092		\$626,291	
CORCAN Incentive Pay	212,410		0	
Outside Agencies	0		109,177	
Total Employment Income	\$1,007,502	80%	\$735,668	86%
Other Sources of Money				
Government of Canada				
GST Refunds	10,409		4,274	
Income Tax Refunds	10,626		4,377	
Pension Income	13,663		20,419	
Claims Against the Crown	6,251		2,277	
Miscellaneous	39,339		7,770	
Total Government of Canada	80,288	6%	39,117	5%
Other Sources				
Family	93,339		21,868	
Hobby	8,085		9,707	
Worker's Compensation	7,216		1,992	
Admission & Discharge	(a) 2,695		(a) 35,201	
Miscellaneous	0		6,762	
Cheques over \$1,000	(b) 67,505		(b) 5,409	
Total Other Sources	178,840	14%	80,939	9%
Total Income	1,266,630	100%	855,724	100%
Average Income per inmate	2,043		1,539	

(a) Springhill Institution is the regional reception centre and, as a result, more money comes into that institution through admission and discharge because of the new offenders coming in with some money in their possession.

(b) At Joyceville, 17 non-government cheques of over \$1,000 were received, while at Springhill, 3 were received. These cheques were for such things as the settlement of estates, where inmates were named as beneficiaries, and Worker's Compensation Board claims. In a number of cases, however, the official receipts did not indicate why this money was being received.

It should be noted that in a lot of cases, the receipts for cheques received by some inmates did not provide sufficient information to indicate the source of income. For example, receipts simply indicated "government cheque" or the name of the person

sending the cheque without indicating the purpose of the cheque or the relationship of the offender to the person sending the money.

As noted in the previous table, one of the current sources of revenue for inmates are Goods and Services Tax (GST) refunds. In 1993-94, the receipts for GST rebates totalled \$10,409 at Joyceville and \$4,275 at Springhill. GST refunds and provincial tax credits were questioned in an earlier Corporate Review Sector Report (Inmate Financial Management-Inmate Accounts # 378-1-045) dated July 1993. The report stated that:

"Staff should be aware of inmate eligibility for such programs in order to identify potentially illegal activities. Staff should also be provided with some specific direction on who is accountable for what action and the procedures to be followed when they identify receipt of a potentially fraudulent payment to an inmate."

Although CSC got a legal opinion at that time indicating that it is the Service's responsibility to deposit these cheques, the extent and seriousness of the problem requires that this situation be examined again.

To determine if inmates were indeed eligible for GST credits, we examined GST refunds at both institutions for the months of April and May 1994. We used the following criteria, as spelled out in the Simplified Tax Guide (1993), to determine eligibility:

"You cannot apply for GST credit if, at the end of 1993, you were in prison or a similar institution and had been there for more than six months during 1993."

Using this criteria, we found that a number of inmates at both institutions were in fact ineligible to collect the tax credit, but they were still claiming and receiving it. Specifically, out of \$4,032.47 received at Joyceville in April and May 1994, \$2,456.98 or 61% went to inmates who were ineligible. At Springhill, the amount was \$827.95 out of \$1,466.99 received or 56%. Based on the amounts of money received in April and May 1994, it appears that there might also be an increase in the number of inmates applying for the credit. Another concern noted with these rebates is that a number of

offenders are submitting claims and getting the rebate applicable to their wives and children.

Offender Expenditures

This section will deal with inmate expenditures, with the information limited to Joyceville and Springhill institutions. National figures will only be presented where they can be used to put into context the spending limits of the two institutions studied.

Offender income within CSC is essentially controlled by national policy (i.e., the inmate salary pay scale is the same in all regions). This is not the case for inmate spending. Except for the \$80 saving limit, CD 860 (Inmate Money) has delegated to each Regional Deputy Commissioner the authority to establish the level of offenders' spending. This has resulted in major differences between the regions in how inmates can spend their money, and it has made it difficult for staff to control and administer inmate funds. These issues will be discussed in more detail later in this section.

Inmates mainly spend their money on canteen purchases, internal purchases from the inmate welfare fund and inmate-operated clubs, and external purchases from outside suppliers for authorized cell items such as clothing, electronic equipment (e.g., radios, televisions, video games) and materials used for hobbies. In addition, inmates are allowed to send money out for family support, legal fees, etc. The following table illustrates the spending patterns at Joyceville and Springhill institutions.

Inmate Spending
Comparative Figures for Joyceville and Springhill Institutions
For 1993-94 (Pay Periods 1 to 26)

Description	Joyceville	% of Spending	Springhill	% of Spending
Number of Inmates	620		556	
Canteen Purchases - - - -	\$491,372	39%	\$524,428	72%
Transfers To Inmate Welfare Fund/Inmate Clubs	401,852	32%	27,671	4%
Family	174,070	14%	29,275	4%
Inmate Trust Fund Purchases	151,663	12%	80,000	11%
Private Family Visits	17,133	2%	5,726	1%
Fines	1,849	0%	2,556	0%
Other (TA's, Phones, Etc.)	8,570	1%	58,300	8%
Total Expenditures	\$1,246,509	100%	\$727,956	100%
Average Expenditure per inmate	\$2,010		\$1,309	

The canteen purchases at Springhill are higher than at Joyceville for two reasons, mainly:

- a) Inmates at Springhill do not have as many activities (food drives, bulk lists) operated by the inmate clubs or the Inmate Welfare Fund (IWF) where they can spend their money.
- b) The canteen at Springhill has a higher mark-up on their items than at Joyceville. In 1993-94, the canteen profits transferred to the IWF at Springhill totaled \$54,000, compared to only \$3,000 at Joyceville. At Springhill, these profits are used to pay for the cable T.V. and a number of other activities sponsored by the IWF. At Joyceville, these activities are financed by donations/contributions by the offenders. For example, all inmates at Joyceville must contribute \$2.50 per pay to the IWF to cover the cost of the cable T.V. service.

The above table shows that most inmate expenditures are for canteen items (primarily cigarettes and miscellaneous food items) and, secondly, for activities to support the Inmate Welfare Fund and various institutional clubs. It is fairly easy to determine what

inmates are getting for the money they spend on the canteen. It is more difficult, however, to determine what they are getting for their contributions to the Inmate Welfare Fund and various clubs. This situation is particularly problematic at Joyceville Institution where inmates spent more than \$400,000 for bulk purchases through the Inmate Welfare Fund and different clubs. We found that the controls over these purchases were limited. Inmates regularly made donations to the Inmate Welfare Fund without any documented explanations, and to food drives or other purchases where it is impossible to tell if they received the food or other items that they paid for. It is widely believed by staff at Joyceville Institution that bulk purchases are a means of fueling the underground economy. It is a means by which debts are settled and the income of the institution redistributed.

Another big expenditure item at Joyceville Institution is money sent out to inmates' families. Although most of this money may be used to help families, some of it is used to pay for debts incurred in the institution. A primary indication of this can be found in the payment of telephone bills where spending is suspicious. Inmates at both Joyceville and Springhill institutions have unlimited access to telephones on their ranges and are free to make as many collect calls as they want. Of course, when an inmate makes a collect call to a family member, it is the family member who gets billed by the telephone company. In May 1993, inmates at Joyceville sent out \$1,186.45 to their families to pay for phone calls. Of this amount, \$360 was sent out by one inmate. As will be discussed in the next part of this report, some of this money is also sent out to finance transactions of the underground economy.

A large portion of inmate spending also goes toward personal effects. In 1993-94, inmates at Joyceville spent about \$151,000 on personal effects, whereas at Springhill they spent only \$80,000. This is because the two institutions have different policies on the amount of personal effects inmates are allowed to have. At Joyceville, the allowed amount is determined by the dollar value of the personal effects, not by the quantity of them. As a result, upon admission to Joyceville Institution, inmates tend to understate the value of the personal effects they bring into the institution. This under-evaluation of items, combined with no limit on quantities, allows them to have more personal effects. At Springhill Institution, controls are in place on both the dollar value of personal items and the quantities allowed. Therefore, even though dollar values may be understated, inmates may not exceed the quantities allowed and this puts a cap on spending. In addition, inmates at Springhill can only transfer \$200 per year from their

savings to current accounts, while at Joyceville this amount is \$1,000 per year. This, therefore, impacts on the amount of money that can be spent on personal effects.

We should point out that since our visit at Joyceville Institution, we have been advised by the Warden that measures are now in place to enforce the quantity limits on personal effects.

CSC Policy On Inmates' Money

Commissioner's Directive 860 on Inmates' Money encourages inmates to budget their money so that funds are available to them for normal expenditures and for their release, and to ensure that the flow of money is controlled for the good order of the institution and the prevention of crime. CSC's national policies ensure consistency for inmates in daily pay rates (i.e., \$1.60 to \$6.90 per day), the maintenance of an \$80 saving limit and the allocation of their earnings between current and saving accounts. However, as previously mentioned, the Regional Deputy Commissioners have been delegated authority to establish limits on a number of areas of spending.

Current policies now allow inmates to spend more than they actually earn. The extent of this problem varies from one region to another based on the spending limits established by the Regional Deputy Commissioners. The following table illustrates the differences between regions.

Inmate Spending Limits by Region

Expenditure	Atlantic	Quebec	Ontario	Prairies	Pacific
Canteen	\$65	\$90	\$75	\$65	\$75
Bulk Purchases	No Limit	No Limit	No Limit	No Limit	No Limit
Personal Effects	See (a)	See (a)	See (a)	See (a)	See (a)
Transfers from Savings To Current Account	\$200 Annually	\$500 Annually	\$1000 Annually	\$700 Annually	\$500 Annually
Money Sent Out Of Institution	No Limit	No Limit	No Limit	No Limit	No Limit

(a) Limits on personal cell effects vary from institution to institution. For example, Joyceville has a dollar limit on items an inmate may have in his cell, but not a quantity limit. At Springhill, there is a dollar limit plus a quantity limit on the type of items an inmate may have. This is also affected by the amount offenders can transfer from their saving account to make these purchases.

Based only on the canteen spending levels, we have prepared the following table to illustrate, at the different pay levels, the difference between earnings and canteen spending levels in each region.

**Inmate Earnings Compared to Canteen Limits
by Region**

Bi-weekly Pay ---	Level 1	Level 2	Level 3	Level 4	Level 5
Atlantic & Prairies	16.00	52.25	58.00	63.50	69.00
Canteen Limit	65.00	65.00	65.00	65.00	65.00
Difference	(49.00)	(12.75)	(7.00)	(1.50)	4.00
Quebec	16.00	52.25	58.00	63.50	69.00
Canteen Limit	90.00	90.00	90.00	90.00	90.00
Difference	(74.00)	(37.75)	(32.00)	(26.50)	(21.00)
Ontario & Pacific	16.00	52.25	58.00	63.50	69.00
Canteen Limit	75.00	75.00	75.00	75.00	75.00
Difference	(59.00)	(22.75)	(17.00)	(11.50)	(6.00)

As can be seen from the above table, with current regional canteen limits, most inmates cannot possibly earn as much as they are allowed to spend on canteen. This is particularly evident in the Quebec Region where the bi-weekly canteen limit is set at \$90. Even if an inmate is at the top of the pay scale earning \$69 every two weeks, he is allowed to spend \$21 more than he can earn. Furthermore, the above example is based on gross pay; it is not the disposable income of the inmate. From a gross pay of \$69 an inmate has to contribute \$1 to the Inmate Welfare Fund and 10% to his or her savings account, leaving a disposable income of \$61.20. Even the lowest regional canteen limit of \$65 exceeds this disposable income.

During our study, we also analyzed the current accounts of 2,750 inmates in the Ontario and Atlantic regions after canteen transfers in May 1994 and found that more than half (57%) had less than \$10 in their current account. More specifically, 1,076 inmates (39%) had a nil balance in their current account, while another 506 inmates (18%) had less than \$10.

In addition to the canteen purchases, inmates are allowed to spend money on bulk purchases (internal purchases from the Inmate Welfare Fund or clubs), Inmate Trust Fund (ITF) purchases from outside suppliers (e.g., TV's, radios, personal clothing etc.) and to send support payments to family, pay for legal fees, etc. There are no limits on bulk purchases, or the amount that can be sent out of the institutions. The only thing that limits ITF purchases is the amount inmates are allowed in their cells. This, however, differs from region to region and from institution to institution within the same region.

Commissioner's Directive 860 encourages inmates to budget for their release, but it seems most Regional Instructions do not. An inmate making the top level pay based on compulsory savings (i.e., 10% of earnings after welfare deductions) will have accumulated \$176.80 in his savings accounts over a one-year period. All regions allow inmates to transfer money from their savings accounts to their current accounts up to prescribed limits. This limit can be as low as \$200/per year in the Atlantic Region or up to \$1,000 in the Ontario Region. As in the case of canteen expenditures, inmates can transfer out more money in a given year than they can possible save. The only limitation is that they cannot bring their savings accounts below \$80, and this is enforced nationally. We noted that, in 1993-94, the inmates at Joyceville Institution transferred \$128,180 from their savings accounts to their current accounts, while at Springhill they only transferred \$11,095 during the same period.

There is virtually no control on monies being sent into and out of institutions. Inmates can get money from almost any source without questions being asked and it is difficult in some cases to determine where the money is coming from since the records maintained usually lack this information. As for sending money out, the only true control is the amount of money inmates have in their account. In most cases, there is no real system in place allowing institutional staff to know what this money is being used for after it leaves the institutions.

The previously mentioned differences in regional policies might explain the difference in spending patterns noted between Joyceville and Springhill Institutions.

**Joyceville/Springhill
Comparative Analysis of Income & Expenditures**

	Joyceville		Springhill	
Income/Expenditures	Total	Average Per Inmate	Total	Average Per Inmate
Income 1993-94	\$1,266,630	\$2,043	\$855,724	\$1,539
Expenditures 1993-94	1,246,509	2,010	727,956	1,309
Difference	\$20,121	\$33	\$127,768	\$230

Although only two institutions were visited during this study, the spending patterns of all other CSC institutions are either similar to one of these two institutions, or they fall somewhere in between the two.

In addition to seeing differences between institutions in the spending and saving patterns of inmates, we also found differences between the inmates of the same institutions. Some offenders must rely on their next pay to survive financially while other offenders are able to save some money each pay. The following table summarizes our analysis of both the current and savings accounts at Joyceville and Springhill institutions after a canteen issue. It should be pointed out that Springhill has a larger number of inmates with small account balances (i.e., \$0 to \$80 in saving) because it also serves as the reception centre for the region and therefore has a large number of new inmates.

**Inmate Account Balance
Joyceville/Springhill
As at May 1994**

Account	Number of Inmates			Percentage of Population
	Joyceville	Springhill	Total	
Current Account				
\$0 to \$100	467	477	944	80
100 to 200	55	26	81	7
200 to 500	58	33	91	8
500 to 1,000	23	10	33	3
Over \$1,000	18	6	24	2
Total	621	552	1,173	100
Savings Account				
\$0 to \$80	92	302	394	34
80 to 200	366	162	528	45
200 to 500	112	60	172	15
500 to 1,000	31	16	47	4
Over \$1000	20	12	32	2
Total	621	552	1173	100

As can be seen from the table, many of our inmates do not have a great deal of money in their accounts. This is due in part to liberal policies on inmate spending established by a number of regions. It places an additional financial burden on CSC since, according to policies, inmates cannot be released without at least \$50 in their possession. For 1993-94, CSC spent approximately \$39,000 to meet this \$50 minimum requirement, and the largest portion of this was in the Quebec Region with expenditures of almost \$19,000.

Inmate Welfare Funds and Clubs

As previously indicated, we found an exceptional amount of money being spent on bulk purchases at Joyceville Institution. These included a variety of things: local restaurant

food, inmate group support donations, sneakers, cassette tapes, video tapes, sun tan oil, natural foods, sweets, canned food, fruit, vitamins, sports wear, hair and grooming supplies, etc. Typically, an inmate group or the committee will organize such sales on either a one-time-only basis or on standing offers. Inmates sign bulk list disbursement forms with their order, which are then processed, for both the purchasing and the withdrawal from their accounts. These are very popular ways of earning money for the clubs, but some also seem to be part of the underground economy.

The availability of these goods at Joyceville Institution, coupled with the generally ineffective controls in place over the bulk purchases, as well as the involvement of inmates in illicit activities (i.e., drug trade), has resulted in a number of inmates incurring sizable debts. The institution has been forced to assist the various groups and the committee to collect outstanding debts via a prioritized inmate purchase list for collections. For example, debts for telephone calls were collected first out of an inmate's current account, then Private Family Visit payments, then outstanding bulk purchases, canteen and ITF holds.

At Springhill Institution, we found that even if some of these spending activities were taking place, the numbers were much smaller. In addition, closer monitoring of these groups/activities was being performed by the Liaison Officers assigned to them. The need and purpose of each group activity is carefully assessed and monitored by the staff to ensure that the group meets an identified inmate need, and that the group activities support this need as well. A constitution for each group is in place, and fund raising is kept to a minimum, and for specific purposes. No long-standing, or unsubstantiated fund-raising activities are allowed by management, thus minimizing the resources required to supervise the club activities. Clubs that are not functioning at an acceptable level of performance in the eyes of the institution are shut down.

Our review of the inmate accounts indicated that the number of club/group accounts (including the IWF) varied from region to region as well as from institution to institution.

**Inmate Clubs/Groups
by Region**

Region	Number of Institutions	Number of Clubs/Groups
Atlantic	4	67
Quebec	11	81
Ontario	11	222
Prairies	9	202
Pacific	8	206
Total	43	778

Note: See Appendix "B" for a further breakdown by institution based on the Inmate Account listing for May 1994.

It should be noted that the fund-raising activities by these clubs/groups (e.g., food purchases) are circumventing the limitations on canteen line items and canteen spending limits contained in Regional Instructions.

Tobacco Prices

a) Impact of price decrease in tobacco products

In 1994, a number of provinces were affected by the reduction in both the federal and provincial taxes on tobacco products. Since both Springhill and Joyceville institutions were affected by this decrease, we examined the impact this decrease had on the spending level of the inmate population. We found:

- i) A substantial decrease in the total dollar value of the tobacco sales and an increase in the overall quantities of tobacco products purchased. There was also a change in the types of products purchased (more inmates bought the tailor made instead of buying the pouches or tins to make their own).

ii) Contrary to expectations, there was only a minor decrease in the dollar value of canteen sales since, in most cases, the inmates used the money they saved on tobacco products to buy other canteen products such as pop, chocolate bars, chips, etc.

b) Variations in prices between institutions

Since a number of provinces did not take part in the tax decrease for tobacco products, CSC is now faced with major regional differences in the price of tobacco products at its institutions.

The amount of money inmates can earn does not vary from one region to another. For inmates that smoke, however, the amount of money available to them after their cigarette purchases is considerably lower in those regions where the tax reductions (federal and provincial) did not take place. This creates an inequity between these inmates and impacts directly on their purchasing power.

Current Cigarette and Tobacco Selling Prices

Region	Cigarette Price	Tobacco Price
	Export "A" Regular	Export F.C. 50 gms
Atlantic	\$2.50/pack of 20	\$3.90
Quebec	1.40/pack of 20	2.60
Ontario	1.45/pack of 20	3.20
Prairies	4.00/pack of 25	5.20
Pacific	\$4.00/pack of 20	\$7.00

Note: Prices also vary slightly between institutions in the same region.

To illustrate this point, consider two inmates who each earn \$60 every two weeks (after deductions) and each smoke a pack of cigarettes a day. One is in Ontario and other is in British Columbia. The inmate in Ontario would have close to \$40 left in disposable income after he purchased his cigarettes for the two weeks, while the inmate in British Columbia would only have a balance of \$4.

CORCAN/ Scott Paper Inmate Expenditures

Our review of the inmates employed by CORCAN at Joyceville Institution and Scott Paper at Springhill Institution showed that inmates in these programs earned a great deal more money than inmates holding regular institutional jobs. As stated earlier in this report, inmates receiving top wage for an institutional job earn a maximum of \$69.00 every two weeks. This is considerably less than inmates in the metal plant at Joyceville who earned incentive pay ranging from \$74.60 to \$231.00 every two weeks in addition to their regular inmate pay of \$52.50 to \$69.00. As a result, an inmate at Joyceville working for CORCAN could earn as much as \$300 every two weeks. At Springhill institution, inmates working for Scott Paper earned anywhere from \$150 to \$400 every two weeks (depending on the number of hours worked and the pay rate).

Our analysis showed that inmates who earn incentive pay or are getting paid by outside agencies have much more disposable income than regular inmates, and can therefore spend more money on ITF purchases and bulk purchases as well as send more money out for family support. Because of their higher earnings, these inmates spend less money proportionately on canteen than do regular inmates. Specifically, inmates earning regular pay spend almost 100% of their disposable income on canteen items, whereas inmates involved in CORCAN at Joyceville spent about 43% of their disposable income on such items (23% on canteen and 20% on bulk purchases). At Springhill, the situation is similar. Inmates working for Scott Paper spend about the same portion of their income on canteen (23%), but spending on bulk purchases is minimal due to the limited number of clubs in the institution.

Inmates working for both CORCAN and Scott Paper are subject to room and board charges. At Joyceville Institution, inmates are required to pay \$2 per each day worked in a pay period. At Springhill Institution, they pay a percentage of their gross earnings up to a maximum of \$25 per pay week. For the fiscal year 1993-94, inmates at Joyceville paid a total of \$20,874 in room and board and at Springhill, they paid \$16,121.

Over and above what they spend internally, a number of these inmates in both institutions send money out on a regular basis to support their families. Our examination of a three-and-a-half month period from February to May 1994 showed

that of the 57 inmates reviewed at Joyceville, 36 of them sent out on average \$626 in family support. At Springhill, 6 out of 11 sent out an average of \$778.

Our analysis of both the current and savings accounts of inmates earning these higher levels of pay showed that, although many had substantial balances in their accounts, a number did not have accounts that matched their earnings. The primary reason for this was family support or, in some instances (especially at Joyceville Institution), certain inmates spent every dollar they received within the institution, mainly through bulk lists in purchases from clubs and donations to the Inmate Welfare Fund.

During our interviews, staff gave mixed reactions to incentive pay programs. The general consensus is that they produce inequities within the inmate population by enhancing the life styles of only those inmates in the programs. Most staff members felt that if incentive pay is to be given to inmates, it should be put away for their release and not used while they are incarcerated.

We did not find any indication that any muscling or other types of activities were being done by the inmates in order to get into these incentive pay programs. In a few cases, however, we were told that once the inmates get into these programs, they are pressured to make contributions to the different activities taking place in the institutions. In addition, drug dealers are trying to get these inmates hooked on drugs.

PART II - THE UNDERGROUND ECONOMY

An underground economy exists when an inmate, or group of inmates, provide illegal, unauthorized or contraband goods and services to another inmate or group of inmates for a fee or in return for goods or services. Since the inmates are in a position where they can spend more than they earn, transactions are often completed on a credit basis which, in most cases, leads to loan-sharking activities.

Ultimately, anything of value can be used as a bartering tool in this economic system, but we identified a number of common forms of payment currently in use in the institutions. They include cash, drugs, cigarettes, other tobacco products, canteen items (including stamps), personal property, cell effects, bulk list purchases and various forms of I.O.U.s, chits and even the occasional homemade weapon.

ECONOMIC COMPONENTS OF THE UNDERGROUND ECONOMY

The following is an overview of the major economic components of the underground economy.

(i) Cash and Bank Accounts

Cash Inside the Institution

Cash inside medium and maximum institutions is considered contraband. Several staff and inmate sources at both Joyceville and Springhill Institutions told us that at any given time, the inmate population is in possession of \$5,000 or \$6,000 in cash. This money is part of their underground economy.

Inmate families have also been increasingly pressured to move money and drugs in and out of the institutions. Several incident reports at Joyceville (93/08/27, 94/02/25 and 94/04/20) and at Springhill (94/02/08 and 93/09/02) illustrate that family members in the community are placed under pressure to become involved as carriers in the drug trade. If they refuse, they can face dire consequences, either to themselves or to their incarcerated family member.

Evidence of the movement of cash inside the institutions can also be seen in the following illustration of 1993/94 cash contraband seizures in two institutions.

<u>INSTITUTION</u>	<u>93/94 CASH SEIZURES</u>
Joyceville Institution	\$1,062.00 (22 incidents)
Springhill Institution	\$1,239.50 (17 incidents)

Movement of Money between Institutions and the Community

Underground economy "deals" - usually for drugs - are completed on the inside, but increasingly the payments are made between contacts on the outside. Inmates often make payments to their community contacts in the form of cheques sent for child support or for the paying of bills for spouses, but the cheques are not always used for those purposes. There is no way of knowing exactly what happens to the money inmates send out to the community. Some of it goes for bona fide purposes, such as child support and family assistance, but there is evidence that some of these funds are used for other purposes, such as payment of debts and drug deals. Staff members feel that money sent or taken out of institutions by inmates is in many cases returning in the form of cash or drugs in subsequent visits. For example, recently at Springhill Institution, an inmate was allowed to take \$600 out on an unescorted temporary absence to give to his sister, who had recently lost her possessions in a house fire. A subsequent community assessment found that the sister did not receive the money, and the cash was traced to a drug deal.

During our review of inmate accounts at Springhill Institution, it was noted that two inmates had taken out a total of \$2,755 and \$1,450 respectively during their unescorted temporary absences, over a four-month period. Staff at the institution were aware that these inmates had taken money out during their TAs, but were surprised to see how much the total was for this four month period.

In summary, large sums of money are being taken out of the institution, and there is a need to monitor this situation more closely through log books or regular reviews.

Inmates are also able to send money out, unquestioned, to lawyers acting on their behalf. These transactions are possible because of the protection offered under the privileged correspondence rules and regulations. Staff felt that the Service should openly question lawyers about the money being sent out to them by inmates. Staff felt that they should be able to question large payments, especially when these payments are of a questionable nature. The Warden at Springhill stated that he has had considerable success in confronting lawyers in this regard.

Another method of moving money was noted in an incident report at Joyceville (93/09/10), where an inmate forged a Chaplain's signature on an Inmate Trust Fund disbursement in an attempt to send money to a bank account in the community to pay for a drug-related debt.

Bank Accounts in the Community

As previously mentioned, a significant portion of the inmate underground economy takes place outside of the institutions. CSC's policies allowing inmates liberal access to telephones have made it easier for this to happen. Using community contacts such as family members, friends and associates, inmates are able to control payments through sophisticated banking systems in the community. An increasingly popular method of payment in the underground economy is via coded deposits to outside bank accounts belonging to an inmate or relative in the community. For example, a transfer of funds or a deposit is made to an outside account in the amounts of \$100.79 or \$50.34. The last two digits of these amounts indicate to the holder of the account that his customers who are numbered "79" or "34" have paid for their goods or drugs. During visits or telephone conversations, this information is relayed to the seller via his contacts on the outside who have access to the account.

The nature of such transactions outside of the institution vary. Many are part of the regular and ongoing black market in drugs and contraband. In some cases, the community contacts are family members or friends who are willing and active participants in the activities that go on, particularly the drug dealing and smuggling. At the other end of the spectrum, people are being coerced into participating in these activities. This can be done by intimidation by the dealers, either personally (by telephone or in the visits area) or by outside contacts. Family and friends can also be

prompted to act by hearing of the threats and intimidation that their own family members receive at the institution.

(ii) Canteen

Canteen Items

All staff and inmates interviewed indicated that tobacco products are the most popular items for bartering within an institution. These items are usually supplied from the canteen. Since the canteen systems cannot provide detailed listings of the purchases made by an individual inmate, it is impossible to track goods being traded, stolen or placed into the underground economy, particularly tobacco items.

We learned that in regions where the tobacco prices have remained high, the frequency of tobacco being used within the underground economy was also high. As a result, tobacco is used both as a form of payment and as a sought-after commodity on the black market. Cigarettes are particularly valuable when the inmate's ability to purchase them is affected by canteen spending limits.

With the recent significant drop in cigarette prices in some regions, some of the pressure associated with using tobacco as currency has notably diminished. For example, an inmate at Joyceville Institution stated that after the price decrease in February 1994, he did not have to order in as much hobby craft material to barter for cigarettes, as he could now buy his required amount of cigarettes within his canteen limit. Nevertheless, tobacco remains one of the preferred forms of currency in any institution.

Cigarettes are now being stockpiled and hoarded by some of the more influential inmates in the underground economy. To combat the stockpiling of this valuable commodity, inmates at some institutions are restricted to a maximum of 3 cartons of cigarettes in their possession at any one time.

Discussions with staff indicated that inmates and visitors are now smuggling cigarettes out of the institutions because they can be purchased at a lower cost inside most of the institutions, compared to on the street. One woman was recently found with a garbage bag containing several cartons of cigarettes after a visit at a minimum-security

institution. At Springhill Institution, a number of offenders were found with large amounts of tobacco products in their possession as they left the institution for their work release programs.

A number of other canteen items are being used as trading tools in the underground economy, with coffee being the most popular item after tobacco.

Canteen Operations

Institutional canteens play a major role in the operation of the underground economy. Some of the activities taking place include:

a) Tipping of Canteen Operators

Operators frequently receive part of canteen purchases (for example, a can of pop or a chocolate bar) from individual inmates as a tip. Any inmate who does not tip or otherwise reward the operators will likely receive poor service, damaged goods or similar consequences for his oversight.

b) Trading of Goods

The canteen is being used to trade excess tobacco for other products. At Joyceville, we were advised that the charge for exchanging cigarettes is usually 10 to 15 cents per package. A recent study by the Quebec Region also confirmed an exchange rate of 10 to 15 cents on a package of cigarettes, and indicated that inmate canteen operators could earn up to \$4,000 per year in illicit tobacco trading.

c) Loan Sharking

Staff members told us that in a number of institutions, there were problems in the past where canteen operators ran loan and credit operations on the side. Typical rates of interest run in the two-for-one and three-for-two range. Pay days are the usual date for payment, or the outstanding debt is increased. Books, which might be coded, are often kept to record each offender's debt.

Generally, canteens have always been operated with inmate workers and the Service has frequently had problems with these operations. Many staff members feel that the canteen should be under the control of staff or be contracted out, both of which would be difficult to do in these times of budgetary restraints.

(iii) Personal Effects and Trust Fund Purchases

Anything with a potential value is currently used as a bartering and trade tool within institutions. In the case of personal effects, this ranges from inmate clothing (particularly high-end running shoes and brand name sports wear) to expensive electronic equipment, such as stereos, colour televisions, walkmans, video tape machines, computer hardware and software, compact discs, video games and game cartridges such as Nintendo. Jewelry is also a popular commodity. These goods enter the black market through inmates either bartering their existing cell effects or ordering new products through inmate purchasing.

As indicated in the previous section of this report, we found major differences in policies governing inmate purchases and trust fund disbursement. For example, the availability of goods and the access to money in savings accounts at Joyceville Institution exceeds that of Springhill Institution. Springhill has a limited amount of goods that can be purchased from the outside (listed in their Standing Order 090). On the other hand, Joyceville has a number of consumer catalogues from which inmates can order goods.

The major problem for the Service in this area appears to be the excessive amount of goods and effects that inmates are allowed to have in their possession. Control over these effects is ineffective, even with the computer programs available to assist in the Admissions and Discharge departments. The situation is further complicated when inmates are allowed to under-estimate the value of their personal goods.

Several staff voiced frustration over the excessive amounts of personal property that inmates are allowed to have in their possession, as well as the disparities between the limits established by the different regions. Some staff felt that a national directive no longer allowing inmates to purchase their own clothing should be considered. Some American jurisdictions now supply all clothing, property, toiletries, etc., to the offenders and allow them to purchase a very minimal amount of goods or services from

outside. On the other hand, other staff members felt that due to budgetary restraint, inmates should be responsible for purchasing all their clothing.

The inconsistency between regions, and between institutions within regions, regarding the personal property and effects currently causes confusion and frustration. Certain effects may be allowed at one facility, and not at another. With the high number of inmates being transferred between institutions and regions, this problem becomes more serious.

Another problem is the lack of expertise by staff to inspect some types of personal property currently allowed, particularly the electronic items (specifically computers). Most staff are not familiar with the assembly, disassembly and inspection of these complicated components. Increasingly, these products are being used by inmates to store and hide contraband materials.

(iv) Hobby craft

Hobby craft and hobby materials have caused concern and problems in the past, and staff repeatedly noted that this is an area that still requires close monitoring to ensure that abuses do not recur. The most common forms of possible abuse concern families being coerced into paying inflated amounts for certain hobby craft and the use of weaker inmates by the more dominant as slave labour in the production of hobby work.

The overriding theme noted in this area is the need for tighter controls in the supervision and monitoring of hobby craft activities in the institutions.

There were suspected abuses in the hobby craft area at Joyceville Institution, where inmates in this area are not monitored as closely as those at Springhill Institution. For example, four inmates at Joyceville Institution were noted to have spent considerable amounts of money on hobby craft materials, with few finished products.

Our review of a number of inmate accounts between February and May, 1994, highlighted the following cases:

Inmate "A" had purchased \$558.30 worth of hobby material during this period but had not sold any hobby craft, nor sent out any finished products. The Hobby Craft Officer has since cut the hobby craft privileges of this inmate.

Inmate "B" had purchased \$1,013.33 worth of hobby material over the same time period. There is no indication that he has to complete one item before another item is started, and there is little indication of goods being sold.

Inmate "C" had purchased \$957.19 worth of material. He is being watched by staff as he is suspected of buying hobby materials for other inmates.

We noted that the controls in place at Joyceville Institution were usually ineffective, as staff basically rubber stamped most transactions. Careful and deliberate consideration of each request and purchase will ensure that the policies in place to combat abuses are effective.

There are several scams run by inmates that are attributed to the hobby craft industry. One of the more common is that hobby craft is sent out to family members to sell locally at flea markets and similar sales. The money is then returned to the institutions as deposits to the inmate's savings account used by families on the outside, or used to pay debts.

(v) Other Economic Components of the Underground Economy

There are different types of goods and services that an inmate can purchase through the underground economy. Some can appear to be quite innocent, such as an inmate-produced TV guide, tailoring, barbering, services of a jail house lawyer, cell cleaning, laundry, runners, etc. There are also inmates who make money as makers of brew or as tattoo artists. Of more concern are the goods and services of a much more dangerous and illegal variety such as the drug trade, which results in activities such as extortion, intimidation, protection, muscling, gambling, and loan sharking.

THE DRUG TRADE

While there appears to be widespread consensus among both staff and inmates that there are significant amounts and types of drugs available in the institutions, there is a lack of information on the total volume of drugs inside the institutions. It is accepted, however, that the drug trade is the number one contributor to the institutional underground economy.

Recent research in the United States indicates that while the use of illegal drugs and other substances, particularly cocaine and heroin in institutions, does not necessarily initiate criminal orientation or criminal behaviour, it does tend to intensify and perpetuate such behaviour.

Evidence of a drug problem was supported by our review of the contraband logs from a number of institutions, the results of which are shown in the following table:

DRUG TRADE SEIZURES - 1993-94
FIVE SELECTED FEDERAL INSTITUTIONS

JOYCEVILLE CONTRABAND LOG BOOK : APRIL, 1993 - MARCH, 1994.			
<i>NUMBER OF SEIZURES INVOLVING DRUGS, BREW, OR CASH = 105</i>			
DRUGS	DRUG PARAPHERNALIA	BREWS	BREW PARAPHERNALIA
41 SEIZURES	16 SEIZURES	21 SEIZURES	5 SEIZURES
SPRINGHILL CONTRABAND LOG BOOK: APRIL, 1993 - MARCH, 1994			
<i>NUMBER OF SEIZURES INVOLVING DRUGS, BREW, OR CASH = 77</i>			
DRUGS	DRUG PARAPHERNALIA	BREWS	BREW PARAPHERNALIA
35 SEIZURES	6 SEIZURES	15 SEIZURES	4 SEIZURES
WARKWORTH CONTRABAND LOG BOOK: APRIL, 1993 - MARCH, 1994			
<i>NUMBER OF SEIZURES INVOLVING DRUGS, BREW, OR CASH = 129</i>			
DRUGS	DRUG PARAPHERNALIA	BREWS	BREW PARAPHERNALIA
77 SEIZURES	35 SEIZURES	3 SEIZURES	5 SEIZURES
KINGSTON CONTRABAND LOG BOOK: MARCH, 1993 - APRIL, 1994			
<i>NUMBER OF SEIZURES INVOLVING DRUGS, BREW, OR CASH = 74</i>			
DRUGS	DRUG PARAPHERNALIA	BREWS	BREW PARAPHERNALIA
22 SEIZURES	5 SEIZURES	37 SEIZURES	7 SEIZURES
MILLHAVEN CONTRABAND LOG BOOK: APRIL, 1993 - MARCH, 1994			
<i>NUMBER OF SEIZURES INVOLVING DRUGS, BREW, OR CASH = 98</i>			
DRUGS	DRUG PARAPHERNALIA	BREWS	BREW PARAPHERNALIA
26 SEIZURES	12 SEIZURES	47 SEIZURES	8 SEIZURES

NOTE: Warkworth Institution has reported a 226% increase in the number of seizures (from 34 to 77) in the past year.

In addition, the Summary Report recently released by the "Commissioner's Focus Group on Drug Interdiction" reported that during the second quarter of 93/94, almost one third (32%) of all urinalysis tests taken nationally came out positive for drugs. During the third and fourth quarters, the positive rate remained significant, at 28%.

At Joyceville Institution, there is a very strong belief that the influential inmate gangs are heavily involved in the underground economy through the drug trade. Jamaican and Asian inmate gang members, as well as members of biker groups, make up the three major inmate gangs, with evidence existing that they cooperate with each other in the drug trade. Also of concern are certain Italian groups of inmates with organized crime connections. All these groups have various street connections and organized crime connections, sometimes extending internationally.

Brew making also continues to be a problem. Generally, brew-making activities increase as the supply of drugs either dries up or becomes too expensive for the inmate consumers.

Movement of Drugs

The vast majority of the drug trade involves transactions of minimal value and quantity, i.e., at most, deals involve only a few grams or a small quantity of pills at any one time. This makes transportation of the drugs and money involved more simple, and keeps sanctions against the inmates minimal in the event that they are caught.

The most common method of transporting drugs is via a body cavity, which is difficult to detect without an x-ray (which can only be done with the consent of the inmate or visitor) or without having to place an inmate in a segregated dry cell so they can be monitored. Drugs and money are usually contained in condoms, balloons or a 35mm. film canister. A popular way to carry hash is to iron the hash flat, and sandwich it between layers of greeting card paper (especially the musical cards). Small pieces of hash are also often pasted to one side of the inmate's lighter and hidden in the palm of a hand during casual searches. LSD on blotters is sent in on cards, under stamps, on cash or on any paper that is water soluble. Other vehicles for drugs include tampon applicators, chap stick tubes, lipstick tubes, baby diapers, and the Joyceville Silver Bullet (a cigar-shaped aluminum casing made to be easily inserted into a body cavity, with a capacity for drugs or money, which was made in the Joyceville Corcan

operation). Shampoo, cream and deodorant containers, as well as cigarette packages, are all used to conceal drugs and money. Shoes and watches (altered to contain drugs and money) are also exchanged in the visiting area (V&C) by visitors and inmates.

Drugs are also smuggled into the institutions by inmates taking advantage of the "30-Day rule" for shipping personal effects into the institution upon arrival. Inmates have 30 days after admission to an institution to have personal effects sent in from their family home. Drugs have been discovered inside electronic components or hidden in boxes and materials shipped to inmates after their admission to institutions. In some cases, drug-filled drinking straws were inserted into the corrugated sections of cardboard boxes.

Institutional staff have serious concerns over the Service's ability to monitor and control the trafficking of drugs and contraband in the institutions. At Joyceville and Springhill institutions, staff have expressed concern that V&C areas are not fully equipped or capable of responding efficiently due to a lack of proper equipment (security cameras, microphones; also some equipment does not function properly, such as door locks). They also feel that the seating arrangements in V&C are poor and, at certain times, there are only two staff members to monitor a large number of inmates and visitors. There are repeated concerns from Visits and Correspondence staff that the quality of supervision during open visits suffers because of the time they must spend performing their other duties such as processing the mail, processing the Private Family Visits, answering telephone queries, etc.

The recommendations of the Focus Group on Drug Interdiction, and previous studies such as the Incentives/Disincentives report, the final Contraband Control report and several others, indicate that there is an urgent need for the Service to review the policies and monitoring practices associated with the control of the institutional drug trade.

To help curb the importing of drugs, Springhill Institution has developed an institutional policy on issuing personal items to visitors using the Private Family Visiting (PFV) units. Visitors no longer bring their own items, such as toothpaste, soap and other toiletries, into the institution. Instead, the contents of their travel bags are transferred to bags provided by the institution that contain sufficient personal items for the visit. The visitors' bags are stored and returned to them at the end of their visit.

This reduces the risk of several types of containers being brought into the PFV area and consequently reduces the risk of smuggled contraband.

Unfortunately, even staff members can fall victim to the manipulations of inmates. There have been several experiences of this, often involving a situation where an inmate has harassed, threatened and attempted to extort particular staff members over a period of several months in attempts to coerce them into becoming active participants in drug trade activities within the institution. The intimidation can be serious enough that the staff member does not report it quickly. These incidents underscore the necessity for staff to report any threats from inmates, and any serious attempts by inmates to gain concessions or enter into any kind of a deal.

Impact of the Drug Trade

The drug trade is having such an impact in institutions that people are getting hurt because of debts, the use of drugs and drug-trade related violence. This is occurring even at minimum-security institutions, as evidenced by the recent murder at Elbow Lake and the drug overdose at Frontenac. Due to the high cost of some drugs in institutions, it is easy for inmates to run up debts quickly (one inmate ran up a drug debt of \$350 in one weekend).

An analysis of the inmates in the Segregation Unit at Joyceville Institution revealed that almost 60% (see table on next page) were there due to debts and drug-trade affiliated issues. This tells us that the drug trade and associated underground economy have a significant impact on the population management at institutions such as Joyceville.

Segregation cases similar to the ones noted at Joyceville were also found at Springhill Institution, although the numbers were lower. Only 7 of 23 offenders (30%) segregated at Springhill on June 7, 1994, were there as a result of debts and dealing in the underground economy. It should be noted that staff at Springhill have been very proactive in dealing with inmate aggressors in the general population over the past several months, and perhaps this lower segregated percentage is reflective of the institution's success in this regard.

JOYCEVILLE INSTITUTION SEGREGATION, 1994 MAY 09.

INMATE ECONOMY RELATED ISSUES = 23/39 CASES = 59%

DATE	FPS #	REASON
93-12-24	776---B	Pressured by other inmates to have his family bring drugs in via Visits and Correspondence. He refused to comply.
94-01-20	420---B	Using drugs (hashish) at Pittsburgh Institution, and has been under pressure due to his brother's drug debt in the community (which has spilled over into the Institution as a concern).
94-02-02	253---B	Via Pittsburgh Institution, inmate has a history of drug trade debts causing incompatibles, and evidence of his continued involvement noted at Pittsburgh.
94-02-16	742---C	Drug debts; being pressured to have wife bring in drugs; being coerced by other inmates to have his coaccused drop sexual assault charges against a Millhaven inmate.
94-02-16	972---A	Unable to pay drug debt of 2 to 5 cartons of cigarettes.
94-02-18	090---C	Involved in fight with an inmate over drug distribution network.
94-02-18	283---C	Life threatened over a \$900 drug debt (cocaine).
94-02-18	259---C	Inherited a friend's drug debt in general population when the friend requested segregation.
94-02-23	101---B	Involuntarily segregated when identified as a drug dealer. Now awaiting transfer to Millhaven.
94-03-17	853---B	Inherited a friend's drug debt.
94-03-21	568---B	Unable to pay drug-related debts. A cocaine and heroin addict.
94-03-27	187---B	Refused to assault an inmate for other inmates who are involved in brew, drugs, and muscling.
94-04-01	226---B	Known drug dealer/user who ran up a \$1,000 debt 8 months ago with an inmate. He settled for \$700. The other inmate then sold the remaining debt of \$300 to yet another inmate, who is pressuring for the money.
94-04-01	622---C	Involuntarily segregated for his involvement as a debt collector.
94-04-11	998---B	Involuntarily segregated for dealing in crack cocaine. Found with drugs and a weapon in his possession. Suspected as a drug supplier in segregation unit.
94-04-12	183---C	Involuntarily segregated for his involvement in drugs and weapons.
94-04-15	321---B	A known mule in the drug trade. Assaulted by another inmate. Being transferred out of the region.
94-04-15	321---B	Assaulted a known mule for the drug trade, angering several inmates who lost the services of the mule as a result.
94-04-20	317---C	Involuntarily segregated when suspected of packing drugs and weapons.
94-05-06	727---B	Known as a major drug player, he was segregated when he refused a direct order to be frisked. Suspected of moving drugs around both inside and outside of the segregation unit.
94-05-05	892---A	Requested segregation because of drug debts.
94-04-27	708---C	Punitive segregation for possession of hashish.
94-05-05	233---A	Segregated because of drug debts.

PROTECTION, BRIBERY AND INTIMIDATION

The intimidation, manipulation and victimization of weaker or more vulnerable inmates continues to be an issue in most correctional settings. Certain "heavies" in the inmate population gain power within the institution by controlling and manipulating new, unsuspecting and naive individuals for different goods or services. "Muscling" techniques include having the weaker inmate hand over his canteen items or coercing him into buying goods out of his canteen for a predatory inmate. Some special needs or vulnerable inmates (sex offenders) may have to pay to stay in general population or to have a seat in the common room to eat. As well, weaker inmates may be coerced into signing a bulklist expenditure for goods or food they will never receive, or may be muscled to pay for guests at a Social or Family Day who never show up.

Both inmates and their families are victims of this system. The victimization can take the form of either physical abuse (inmates being assaulted or even murdered on occasion) or psychological abuse such as being duped into developing a serious drug habit, manipulation at the hands of more influential inmates or groups of inmates, and intimidation.

But the victimization is not only targeted at vulnerable inmates. Any individual in the inmate population is a potential victim to be used by an experienced "con". The victimization generally takes place when the victim becomes indebted to another inmate or group of inmates. This is usually arranged when something (drugs/goods) is offered to the victim on loan or for free, all in good faith, until the small debt cannot be paid, and the debt payment becomes prohibitive within weeks and the only refuge the inmate may have is protective custody. These tricks are not new, and in an institution such as Joyceville, a large percentage of inmates in segregation are there as a result of such conflicts between inmates.

Another protection scenario is known as the "dad/kid" relationship. In this case, a younger, more vulnerable inmate seeks protection from an older, more experienced inmate in exchange for sexual favours or other goods. This abuse of power and control results in a comfortable lifestyle for the aggressive inmates who take on the "dad" or "jock" role.

GAMBLING AND LOAN SHARKING

Staff at both Joyceville and Springhill institutions confirmed that gambling occurs in their institutions and ranges from sports betting to card games. Unfortunately, in a few cases, serious debts occur from these activities and often result in inmates requesting to be placed in segregation. Staff reported that there are "bookies" on the Units, and payments are made with all available goods and services, although cigarettes and cash are favoured.

An inmate source indicated that the rates for loan sharking generally run at three for two (e.g., \$20 will cost \$30) and is compounded weekly or twice weekly. Another standard loan-sharking rate is two for one, or one package of cigarettes costs two, and is usually compounded over an unrealistic time frame.

As part of the review, we identified inmates in both Joyceville and Springhill institutions who spent very little in canteen purchases. We visited the cells of these inmates and interviewed staff about them. In eight of the cases reviewed, the cells contained a large amount of canteen goods and other cell effects. Indeed, in a couple of instances, the cells were deemed to be some of the most comfortably stocked and equipped on the ranges. Almost all of these inmates were regular smokers, and cigarettes and/or tobacco supplies were found in the cells.

From the conversations with staff, we learned that most of the inmates we had selected for review were suspects in illegal activities, and several were under active review as drug dealers. One inmate has been charged for possession of brew-making equipment, and one was under RCMP investigation regarding a pimping operation on the street, for which he was already serving time. An inmate was found in possession of a tally sheet (found in his cell) that detailed which inmates owed him tobacco, cash and hash. This inmate was known to lend out tobacco which doubles in debt every pay day. Another inmate was known to pressure inmates for cash, drugs and canteen by threatening them with beatings. We identified these inmate "heavies" from financial records, not from security and incident reports.

INMATE EMPLOYMENT

For general population inmates, there appear to be two significant relationships between employment positions and the underground economy. First, some inmates can steal products from their employment areas (particularly food from the kitchens and inmate clothing from supplies sections) that can be bartered and traded in the institution. Both staff and inmate sources indicated that this occurs regularly.

Second, some inmates occupy positions that give them a fair degree of freedom to move either within the institution or, with gate clearances, back and forth between the institution and the community. These movement privileges facilitate the movement of contraband. On any given day, a number of inmates go out on day parole or work release programs. At Springhill, we noted considerable vehicular traffic in and out of the institution in association with the work done for Scott Paper and this adds drug "pipelines" into the institution. Some of these inmates are suspected of moving contraband, but it is very difficult for the staff to prove their suspicions.

Inmates can be very ingenious in devising ways of moving contraband, as discussed earlier in this report. The institution responds quickly when evidence of such movement is discovered, and the associated inmates are immediately removed from their work projects. The only proven approach to combat the movement of contraband by inmates involved in release programs is through careful monitoring and vigilant security operations.

CONCLUSION

The purpose of this study was to examine the overall economy of the inmate population. This economy includes both the above-ground economy and the underground economy.

A) Above-ground Economy

Income from employment and, to a limited extent, from outside sources, coupled with allowable expenditures (both internal and external), make up the inmate above-ground economy. The economy is governed mainly through Commissioner's Directives, which state the policy with respect to inmate money. Regional Instructions then indicate how these policies should be applied regionally and institutionally. During our review of the above-ground economy, we noted the following areas of concern:

- The ineffective control over the money coming into and going out of the institutions, including money taken out for temporary absences. This is primarily due to a lack of information relating to the cumulative totals of funds received or sent out, as well as the source and purpose of these funds.
- The insufficient and ineffective controls in place for hobby crafts.
- The differences in regional policies relating to inmate cell effects (i.e., quantities allowed, as well as dollar values).
- The lack of policy relating to clubs/groups and their fundraising activities.
- Regional variances in policy with respect to inmate expenditures, specifically the canteen spending limits and the transfer of funds from savings accounts to current accounts.
- Regional differences in tobacco prices.
- Inequities among inmates resulting from the CORCAN incentive pay and employment by outside agencies.

The above-ground economy has a significant impact on the underground one. The ineffective controls in institutions and inconsistencies in policies as well as the impact of these policies, whereby inmates can spend more than they earn, contribute to the flourishing underground economy. Based on the above findings, we believe that there is a need to review national or regional policies and institutional procedures relating to inmates' financial transactions.

B) Underground Economy

The major component of the underground economy is the drug trade. We noted many concerns regarding the amount and variety of drugs in the institution as well as staff's ability to effectively control and intervene in this and other black market issues.

Specific concerns included:

- The ineffective controls over inmate accounts.
- Confusion resulting from different interpretations and applications of policies and procedures. These differences were noted between regions as well as between institutions.
 - i) The inmate's rights versus privileges in matters relating to open visits and the Private Family Visiting programs;
 - ii) The interception and monitoring of inmates' written and telephone communications; and
 - iii) The policies relating to searches of inmate visitors.
 - iv) Actions taken against inmate visitors caught smuggling contraband.

Most of these problems are being addressed in the recent proposals of the Commissioner's Focus Group on Drug Interdiction. We would like to reiterate the importance of implementing the action plan of this Focus Group, especially as it relates to the detection and interception of drugs.

APPENDIX "A"

CORRECTIONAL SERVICES CANADA
INMATE PAY BY REGION
FOR 1993/94

Description	Atlantic	% of Pay	Quebec	% of Pay	Ontario	% of Pay	Prairies	% of Pay	Pacific	% of Pay	Total	% of Pay
Average Population	1,260		3,645		3,635		2,734		1,695		12,969	
Number of Inmates	1,348		3,780		3,762		2,915		1,829		13,634	
Level 1 - \$1.60 per day	\$88,325	5%	\$267,996	5%	\$142,697	3%	\$249,062	7%	\$41,293	2%	\$789,374	4%
Level 2 - \$5.25 per day	623,888	37%	1,226,861	25%	2,086,650	39%	1,110,299	31%	644,557	26%	5,692,255	32%
Level 3 - \$5.80 per day	278,653	17%	773,443	16%	818,227	15%	719,773	20%	403,991	17%	2,994,087	17%
Level 4 - \$6.35 per day	172,486	10%	657,359	13%	663,189	12%	624,508	17%	312,330	13%	2,429,872	13%
Level 5 - \$6.90 per day	447,837	27%	1,653,489	34%	1,263,271	23%	721,028	20%	970,453	40%	5,056,078	28%
Overtime	44,817	3%	227,184	5%	207,565	4%	163,378	5%	32,259	1%	675,203	4%
Misc. Adjustments	11,332	1%	85,347	2%	218,446	4%	10,840	0%	25,279	1%	351,244	2%
Total Regular Pay	1,667,337	100%	4,891,680	100%	5,400,045	100%	3,598,889	100%	2,430,161	100%	17,988,113	100%
Average Earnings per Inmate	\$1,323		\$1,342		\$1,485		\$1,316		\$1,434		\$1,387	

ANALYSIS OF INMATE ACCOUNTS (MAY/94)

APPENDIX "B"

INSTITUTIONS	# of Accounts	Current	Saving	Total	# of Clubs	Amount	Average Current	Average Saving	Total Average	Average Clubs
<i>Atlantic Region</i>										
Springhill	556	\$52,698.01	\$71,940.17	\$124,638.18	10	\$29,590.17	\$94.78	\$129.39	\$224.17	\$2,959.02
Dorchester	341	\$44,713.10	\$80,692.02	\$125,405.12	18	\$18,575.31	\$131.12	\$236.63	\$367.76	\$1,031.96
Westmorland	236	\$74,293.04	\$44,008.30	\$118,301.34	16	\$30,425.20	\$314.80	\$186.48	\$501.28	\$1,901.58
Atlantic Inst.	247	\$33,405.93	\$51,162.20	\$84,568.13	23	\$16,737.21	\$135.25	\$207.13	\$342.38	\$727.70
	1380	\$205,110.08	\$247,802.69	\$452,912.77	67	\$95,327.89	\$148.63	\$179.57	\$328.20	\$1,422.80
<i>Quebec Region</i>										
Montee St- Francois	220	\$44,026.27	\$46,895.39	\$90,921.66	3	\$4,060.84	\$200.12	\$213.16	\$413.28	\$1,353.61
Federal Training Centre	410	\$55,866.00	\$87,020.34	\$142,886.34	20	\$21,281.14	\$136.26	\$212.24	\$348.50	\$1,064.06
Donnacona	355	\$13,952.68	\$62,477.13	\$76,429.81	4	\$11,149.66	\$39.30	\$175.99	\$215.30	\$2,787.42
Leclerc	561	\$80,869.63	\$94,582.53	\$175,452.16	3	\$23,666.90	\$144.15	\$168.60	\$312.75	\$7,888.97
Archambault	480	\$40,856.92	\$79,774.45	\$120,631.37	7	\$11,514.87	\$85.12	\$166.20	\$251.32	\$1,644.98
Ste- Anne des Plaines	168	\$22,020.44	\$34,988.18	\$57,008.62	4	\$6,504.52	\$131.07	\$208.26	\$339.34	\$1,626.13
Reg. Reception Centre	315	\$14,338.04	\$28,935.39	\$43,273.43	3	\$7,249.11	\$45.52	\$91.86	\$137.38	\$2,416.37
Drummond	327	\$59,079.56	\$51,413.78	\$110,493.34	3	\$23,064.93	\$180.67	\$157.23	\$337.90	\$7,688.31
Cowansville	490	\$30,819.08	\$74,040.13	\$104,859.21	9	\$18,266.08	\$62.90	\$151.10	\$214.00	\$2,029.56
La Macaza	290	\$33,803.76	\$51,985.13	\$85,788.89	16	\$18,908.24	\$116.56	\$179.26	\$295.82	\$1,181.77
Port- Cartier	240	\$31,903.83	\$37,918.38	\$69,822.21	9	\$8,150.65	\$132.93	\$157.99	\$290.93	\$905.63
	3856	\$427,536.21	\$650,030.83	\$1,077,567.04	81	\$153,816.94	\$110.88	\$168.58	\$279.45	\$1,898.97
<i>Ontario Region</i>										
Reg. Treatment Centre	106	\$11,871.36	\$29,335.75	\$41,207.11	3	\$1,215.08	\$111.99	\$276.75	\$388.75	\$405.03
Kingston Pen.	517	\$79,825.09	\$117,496.92	\$197,322.01	32	\$11,355.01	\$154.40	\$227.27	\$381.67	\$354.84
Millhaven	610	\$36,244.41	\$114,300.19	\$150,544.60	22	\$16,683.72	\$59.42	\$187.38	\$246.79	\$758.35
Bath	190	\$36,365.95	\$49,548.20	\$85,914.15	13	\$18,242.93	\$191.40	\$260.78	\$452.18	\$1,403.30
Prison for Women	131	\$17,234.80	\$33,199.34	\$50,434.14	21	\$12,218.33	\$131.56	\$253.43	\$384.99	\$581.83
Collins Bay	597	\$49,997.95	\$169,501.60	\$219,499.55	34	\$38,233.54	\$83.75	\$283.82	\$367.67	\$1,124.52
Frontenac	198	\$22,472.93	\$47,016.49	\$69,489.42	12	\$8,107.12	\$113.50	\$237.46	\$350.96	\$675.59
Beaver Creek	137	\$30,401.54	\$39,304.90	\$69,706.44	8	\$13,378.77	\$221.91	\$286.90	\$508.81	\$1,672.35
Joyceville	614	\$127,481.85	\$226,775.44	\$354,257.29	25	\$37,032.46	\$207.63	\$369.34	\$576.97	\$1,481.30
Pittsburgh	110	\$15,470.39	\$22,151.09	\$37,621.48	7	\$5,532.24	\$140.64	\$201.37	\$342.01	\$790.32
Warkworth	689	\$177,096.26	\$261,354.43	\$438,450.69	45	\$77,698.52	\$257.03	\$379.32	\$636.36	\$1,726.83
	3899	\$604,462.53	\$1,109,984.35	\$1,714,446.88	222	\$239,697.72	\$155.03	\$284.68	\$439.71	\$1,079.72
<i>Prairie Region</i>										
Reg. Psyc. Centre	114	\$18,870.10	\$24,418.28	\$43,288.38	10	\$2,755.42	\$165.53	\$214.20	\$379.72	\$275.54
Stony Mountain	533	\$49,534.61	\$92,129.42	\$141,664.03	27	\$36,966.48	\$92.94	\$172.85	\$265.79	\$1,369.13
Rockwood	120	\$20,611.44	\$29,343.63	\$49,955.07	10	\$8,995.74	\$171.76	\$244.53	\$416.29	\$899.57
Saskatchewan Pen.	515	\$50,129.34	\$107,988.58	\$158,117.92	29	\$46,370.87	\$97.34	\$209.69	\$307.03	\$1,599.00
Riverbend	89	\$13,563.82	\$19,226.46	\$32,790.28	6	\$6,558.38	\$152.40	\$216.03	\$368.43	\$1,093.06
Special Handling Unit	62	\$9,876.60	\$14,649.39	\$24,525.99	3	\$1,960.83	\$159.30	\$236.28	\$395.58	\$653.61
Drumheller	564	\$27,121.37	\$81,780.99	\$108,902.36	42	\$23,867.96	\$48.09	\$145.00	\$193.09	\$568.28
Bowden	653	\$96,482.49	\$163,390.76	\$259,873.25	53	\$55,827.15	\$147.75	\$250.22	\$397.97	\$1,053.34
Edmonton	315	\$45,227.74	\$50,168.13	\$95,395.87	22	\$40,590.16	\$143.58	\$159.26	\$302.84	\$1,845.01
	2965	\$331,417.51	\$583,095.64	\$914,513.15	202	\$223,892.99	\$111.78	\$196.66	\$308.44	\$1,108.38

ANALYSIS OF INMATE ACCOUNTS (MAY/94)

APPENDIX "B"

INSTITUTIONS	# of Accounts	Current	Saving	Total	# of Clubs	Amount	Average Current	Average Saving	Total Average	Average Clubs
<i>Pacific Region</i>										
William Head	201	\$32,035.42	\$64,763.98	\$96,799.40	22	\$13,898.77	\$159.38	\$322.21	\$481.59	\$631.76
Matsqui	410	\$51,550.22	\$70,169.23	\$121,719.45	41	\$15,306.35	\$125.73	\$171.14	\$296.88	\$373.33
Reg. Psyc. Centre	144	\$27,361.08	\$97,094.22	\$124,455.30	25	\$6,985.23	\$190.01	\$674.27	\$864.27	\$279.41
Mountain Inst.	347	\$66,704.65	\$96,101.71	\$162,806.36	29	\$19,753.89	\$192.23	\$276.95	\$469.18	\$681.17
Kent	263	\$31,595.97	\$50,373.62	\$81,969.59	33	\$17,802.16	\$120.14	\$191.53	\$311.67	\$539.48
Elbow Lake	95	\$7,558.81	\$21,401.32	\$28,960.13	8	\$5,950.29	\$79.57	\$225.28	\$304.84	\$743.79
Ferndale	115	\$28,593.63	\$44,064.87	\$72,658.50	12	\$9,685.98	\$248.64	\$383.17	\$631.81	\$807.17
Mission	270	\$54,503.58	\$54,042.83	\$108,546.41	36	\$18,000.55	\$201.87	\$200.16	\$402.02	\$500.02
	1845	\$299,903.36	\$498,011.78	\$797,915.14	206	\$107,383.22	\$162.55	\$269.93	\$432.47	\$521.28
National total	13945	\$1,868,429.69	\$3,088,925.29	\$4,957,354.98	778	\$820,118.76	\$133.99	\$221.61	\$355.49	\$1,054.14

