

# *Vote Corrections*

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APPROPRIATION MINISTER(S): Minister of Corrections (M18)

DEPARTMENT ADMINISTERING THE VOTE: Department of Corrections (A5)

RESPONSIBLE MINISTER FOR DEPARTMENT OF CORRECTIONS: Minister of Corrections

# Details of Appropriations and Capital Injections

## Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2022/23		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Re-offending is Reduced (M18) (A5)</b> This appropriation is limited to the provision of rehabilitation interventions, reintegration and support services to people in Corrections' management, defendants on bail, and their whānau, to address the underlying causes of criminal offending and reduce re-offending.	387,095	(15,324)	371,771
<b>Total Departmental Output Expenses</b>	387,095	(15,324)	371,771
<b>Departmental Other Expenses</b>			
<b>Transfer of Three Waters Assets (M18) (A5)</b> This appropriation is limited to expenses incurred in Corrections transferring Three Waters Assets to water service providers.	-	6,200	6,200
<b>Total Departmental Other Expenses</b>	-	6,200	6,200
<b>Departmental Capital Expenditure</b>			
<b>Department of Corrections - Capital Expenditure PLA (M18) (A5)</b> This appropriation is limited to the purchase or development of assets by and for the use of the Department of Corrections, as authorised by section 24(1) of the Public Finance Act 1989.	405,077	(66,761)	338,316
<b>Total Departmental Capital Expenditure</b>	405,077	(66,761)	338,316
<b>Non-Departmental Other Expenses</b>			
<b>Waikeria Corrections and Treatment Facility (M18) (A5)</b> This appropriation is limited to infrastructure improvements that are either a condition of the designation or otherwise necessary to enable the development of the Waikeria Corrections and Treatment Facility.	-	735	735
<b>Total Non-Departmental Other Expenses</b>	-	735	735
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Policy Advice and Ministerial Services MCA (M18) (A5)</b> The single overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.	6,061	2,230	8,291
<i>Departmental Output Expenses</i>			
<i>Ministerial Services</i> This category is limited to Department responses to ministerial correspondence and parliamentary questions.	2,305	1,500	3,805
<i>Policy Advice</i> This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.	3,756	730	4,486

	2022/23		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>Public Safety is Improved MCA (M18) (A5)</b>	1,658,934	33,474	1,692,408
The single overarching purpose of this appropriation is to manage offenders serving custodial and community-based sentences and orders, and people on remand (either awaiting trial or convicted but not yet sentenced) in a manner so as to improve the safety of offenders, staff, victims and the public.			
<b>Departmental Output Expenses</b>			
<i>Information and administrative services to the judiciary and New Zealand Parole Board</i>	88,804	4,049	92,853
This category is limited to the provision of information about offenders to victims of crime, the Judiciary and the New Zealand Parole Board and the provision of administrative, financial and secretariat services to the New Zealand Parole Board.			
<i>Prison-based Custodial Services</i>	1,282,200	15,944	1,298,144
This category is limited to the provision of custodial services, including under long-term service contracts and Public Private Partnerships, for offenders lawfully required to be detained in custody and remand prisoners.			
<i>Sentences and orders served in the community</i>	287,930	13,481	301,411
This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.			
<b>Total Multi-Category Expenses and Capital Expenditure</b>	1,664,995	35,704	1,700,699
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	2,457,167	(39,446)	2,417,721

## Capital Injection Authorisations

	2022/23		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Department of Corrections - Capital Injection (M18) (A5)	103,475	174,681	278,156

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2022/23				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	387,095	(15,324)	-	(15,324)	371,771
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	6,200	735	6,935	6,935
Capital Expenditure	405,077	(66,761)	-	(66,761)	338,316
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	1,664,995	35,704	-	35,704	1,700,699
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	2,457,167	(40,181)	735	(39,446)	2,417,721
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	-	N/A	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	-	N/A	-	-	-

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Re-offending is Reduced (M18) (A5)

##### *Scope of Appropriation*

This appropriation is limited to the provision of rehabilitation interventions, reintegration and support services to people in Corrections' management, defendants on bail, and their whānau, to address the underlying causes of criminal offending and reduce re-offending.

##### *Expenses and Revenue*

	2022/23		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	387,095	(15,324)	371,771
Revenue from the Crown	356,133	(15,349)	340,784
Revenue from Others	30,962	25	30,987

##### *Reasons for Change in Appropriation*

The appropriation decreased by \$15.324 million to \$371.771 million for 2022/23 due to:

- a \$12 million fiscally neutral funding transfer from Re-Offending is Reduced to Public Safety is Improved MCA to manage costs relating to North Island Weather Events and other fiscal risks
- a \$10 million fiscally neutral adjustment from operating baseline to capital injection to provide for the capitalisation of borrowing costs for Waikeria Corrections and Treatment Facility Public Private Partnership
- a \$1.500 million fiscally neutral funding transfer from Re-Offending is Reduced to Policy Advice and Ministerial Services MCA to fund the increase in workload and overhead allocations
- a \$138,000 adjustment to reflect the reduction in amortisation expenses due to the change in accounting treatment for Software as a Service arrangements, which resulted in write-off of certain previously capitalised costs for 30 June 2022
- a \$117,000 fiscally neutral adjustment to Ministry of Justice to assist the Operations and Service Delivery Training Design and Delivery team to facilitate a successful change process and project outcome.

The decrease of \$23.755 million was offset by increases of:

- a \$3.567 million expense transfer from 2021/22 to reflect delays caused by the COVID-19 pandemic which impacted the progress of several programmes
- a \$2.651 million new funding for staff remuneration increases, and to maintain a safe and effective justice system

- a \$1 million new funding relating to tagged operating contingency drawdown for supporting emergency housing
- a \$759,000 expense transfer from 2021/22 to reflect delays in transferring Three Wasters Assets to water services providers due to changes to the Water Services Act which required further investigation before the transfer could be completed
- a \$284,000 fiscally neutral adjustment from Ministry of Justice for a cost pressure increase to the Non-Violence programme budget
- a \$105,000 fiscally neutral adjustment from capital injection to operating baseline to fund the Software as a Service arrangements spend due to changes in the accounting treatment of Software as a Service arrangements in 2021/22
- a \$29,000 new funding relating to Health and Disability Sector Support Worker Wage Rate
- a \$25,000 new funding relating to a decarbonisation pathway study with the Energy Efficiency Conservation Authority
- a \$11,000 fiscally neutral adjustment from prior retention of surplus to cover the additional cost of implementing the new Software as a Service accounting rules.

## 2.2 - Departmental Other Expenses

### Transfer of Three Waters Assets (M18) (A5)

#### *Scope of Appropriation*

This appropriation is limited to expenses incurred in Corrections transferring Three Waters Assets to water service providers.

#### *Expenses*

	2022/23		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	6,200	6,200

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to facilitate the transfer of Corrections' Three Waters Assets to water service providers.

#### *How Performance will be Assessed and End of Year Reporting Requirements*

Performance will be assessed by the execution of the agreement relating to the transfer of Three Waters Assets at Auckland Prison to Watercare Services Limited.

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by Corrections in its 2022/23 Annual Report.

#### *Reasons for Change in Appropriation*

The appropriation increased by \$6.200 million for 2022/23 due to a \$6.200 million expense transfer from 2021/22 to ensure initial programme budgets can be applied to mitigate the cost impact associated with delays caused by COVID-19 pandemic, changes to the Water Services Act and further repairs and maintenance work identified.

## 2.3 - Departmental Capital Expenditure and Capital Injections

### Department of Corrections - Capital Expenditure PLA (M18) (A5)

#### *Scope of Appropriation*

This appropriation is limited to the purchase or development of assets by and for the use of the Department of Corrections, as authorised by section 24(1) of the Public Finance Act 1989.

#### *Capital Expenditure*

	2022/23		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	330,077	(17,060)	313,017
Intangibles	75,000	(49,701)	25,299
Other	-	-	-
<b>Total Appropriation</b>	<b>405,077</b>	<b>(66,761)</b>	<b>338,316</b>

#### *Reasons for Change in Appropriation*

The appropriation decreased by \$66.761 million to \$338.316 million for 2022/23 due to restricted access to sites and ongoing supply chain and labour market challenges.

#### **Department of Corrections**

Details of Net Asset Schedule	2022/23 Main Estimates Projections \$000	2022/23 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2022/23
Opening Balance	3,560,711	3,689,801	Supplementary Estimates opening balance reflects the audited results as at 30 June 2022.
Capital Injections	103,475	278,156	\$106.580 million relates to Waikeria cost escalation, \$41.370 million relates to the Operating to Capital adjustment for Waikeria Prison Development additional borrowing costs, \$26.150 million Operating to Capital swap for Waikeria Cost Escalation claims, \$581,000 to purchase 21 electric vehicles and installation of charging infrastructure.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(1,106)	20,831	The 2022/23 forecasted gain relates to the unrealised year to date movement on the interest rate swaps entered into with New Zealand Debt Management to manage the risk relating to public private partnership transactions.
Other Movements	-	-	
<b>Closing Balance</b>	<b>3,663,080</b>	<b>3,988,788</b>	



## Part 3 - Details of Non-Departmental Appropriations

### 3.4 - Non-Departmental Other Expenses

#### Waikeria Corrections and Treatment Facility (M18) (A5)

##### *Scope of Appropriation*

This appropriation is limited to infrastructure improvements that are either a condition of the designation or otherwise necessary to enable the development of the Waikeria Corrections and Treatment Facility.

##### *Expenses*

	2022/23		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	735	735

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve infrastructure improvements necessary to enable the development of the Waikeria Prison Development including the Waikeria Mental Health and Addiction Service Facility.

##### *How Performance will be Assessed and End of Year Reporting Requirements*

Completion of major infrastructure improvements required to enable the development of the Waikeria Prison Development including the Waikeria Mental Health and Addiction Service Facility, and the continued implementation of designation conditions.

##### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Corrections in a report appended to the Corrections Annual Report.

##### *Service Providers*

Provider	2022/23			Expiry of Resourcing Commitment
	Estimates \$000	Supplementary Estimates \$000	Total \$000	
<b>Non-Government Organisations</b>				
Roading	-	735	735	June 2024
Total	-	735	735	

### *Reasons for Change in Appropriation*

The appropriation increased by \$735,000 for 2022/23 due to:

- a \$785,000 expense transfer from 2021/22 to reflect construction delays which prolonged the traffic management activity of the construction site, and the delay of roading reseal at the end of the construction.

The increase of \$785,000 was offset by decreases of:

- a \$50,000 expense transfer to 2023/24 to reflect construction delay which prolonged the traffic management activity of the construction site, and the delay of roading reseal at the end of the construction.

# Part 4 - Details of Multi-Category Expenses and Capital Expenditure

## 4 - Multi-Category Expenses and Capital Expenditure

### Policy Advice and Ministerial Services (M18) (A5)

#### *Overarching Purpose Statement*

The single overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.

#### *Scope of Appropriation*

##### **Departmental Output Expenses**

###### *Ministerial Services*

This category is limited to Department responses to ministerial correspondence and parliamentary questions.

###### *Policy Advice*

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.

#### *Expenses, Revenue and Capital Expenditure*

	2022/23		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>6,061</b>	<b>2,230</b>	<b>8,291</b>
<b>Departmental Output Expenses</b>			
Ministerial Services	2,305	1,500	3,805
Policy Advice	3,756	730	4,486
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>6,061</b>	<b>2,000</b>	<b>8,061</b>
Ministerial Services	2,305	1,500	3,805
Policy Advice	3,756	500	4,256
<b>Revenue from Others</b>	<b>-</b>	<b>230</b>	<b>230</b>
Policy Advice	-	230	230

### *Reasons for Change in Appropriation*

The appropriation increased by \$2.230 million to \$8.291 million for 2022/23 due to:

- a \$3.500 million funding relating to tagged operating contingency drawdown for improving outcomes for victims of crime
- a \$1.500 million fiscally neutral funding transfer from Re-Offending is Reduced to Policy Advice and Ministerial Services MCA to fund the increase in workload relating to external reviews
- a \$160,000 fiscally neutral adjustment from Ministry of Foreign Affairs and Trade to undertake advisory support
- a \$70,000 fiscally neutral adjustment from a third party to undertake advisory support.

The increase of \$5.230 million was offset by decreases of:

- a \$3 million transfer to Vote Police for the ReFrame project.

### **Public Safety is Improved (M18) (A5)**

#### *Overarching Purpose Statement*

The single overarching purpose of this appropriation is to manage offenders serving custodial and community-based sentences and orders, and people on remand (either awaiting trial or convicted but not yet sentenced) in a manner so as to improve the safety of offenders, staff, victims and the public.

#### *Scope of Appropriation*

##### **Departmental Output Expenses**

###### *Information and administrative services to the judiciary and New Zealand Parole Board*

This category is limited to the provision of information about offenders to victims of crime, the Judiciary and the New Zealand Parole Board and the provision of administrative, financial and secretariat services to the New Zealand Parole Board.

###### *Prison-based Custodial Services*

This category is limited to the provision of custodial services, including under long-term service contracts and Public Private Partnerships, for offenders lawfully required to be detained in custody and remand prisoners.

###### *Sentences and orders served in the community*

This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.

*Expenses, Revenue and Capital Expenditure*

	2022/23		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>1,658,934</b>	<b>33,474</b>	<b>1,692,408</b>
<b>Departmental Output Expenses</b>			
Information and administrative services to the judiciary and New Zealand Parole Board	88,804	4,049	92,853
Prison-based Custodial Services	1,282,200	15,944	1,298,144
Sentences and orders served in the community	287,930	13,481	301,411
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>1,653,722</b>	<b>33,449</b>	<b>1,687,171</b>
Information and administrative services to the judiciary and New Zealand Parole Board	88,804	4,049	92,853
Prison-based Custodial Services	1,276,988	15,919	1,292,907
Sentences and orders served in the community	287,930	13,481	301,411
<b>Revenue from Others</b>	<b>5,212</b>	<b>2,375</b>	<b>7,587</b>
Prison-based Custodial Services	5,212	2,375	7,587

*Reasons for Change in Appropriation*

The appropriation increased by \$33.474 million to \$1,692.408 million for 2022/23 due to:

- a \$26.949 million new funding for staff remuneration increases, and to maintain a safe and effective justice system
- a \$19.032 million new funding to maintain safe prison services by funding collective wage pressures
- a \$14.901 million new capital charge funding to reflect the reduction in liabilities due to interest rate changes
- a \$12 million fiscally neutral funding transfer from Re-Offending is Reduced to Public Safety is Improved MCA to manage costs relating to North Island Weather Events and other fiscal risks
- a \$7.365 million fiscally neutral adjustment from prior retention of surplus to assist with managing the COVID-19 environment
- a \$6.841 million expense transfer from 2021/22 to reflect delays in transferring Three Wasters Assets to water services providers due to changes to the Water Services Act which required further investigation before the transfer could be completed
- a \$5 million fiscally neutral adjustment from capital injection to operating baseline to provide for the development of the urgent Christchurch Men's Prison Feasibility study
- a \$4.013 million expense transfer from 2021/22 to reflect delays caused by the COVID-19 pandemic which impacted the progress of several programmes

- a \$3.575 million fiscally neutral adjustment from prior retention of surplus to cover the additional cost of implementing the new Software as a Service accounting rules
- a \$3.405 million fiscally neutral adjustment from capital injection to operating baseline to fund the Software as a Service arrangements spend due to changes in the accounting treatment of Software as a Service arrangements in 2021/22
- a \$2.350 million fiscally neutral adjustment from retention of surplus resulting from refinancing a Public Private Partnership, to manage a rise in expenditure requirements associated with inflation and emerging unbudgeted costs caused by the Auckland flooding event
- a \$25,000 new funding relating to a decarbonisation pathway study with the Energy Efficiency Conservation Authority.

The increase of \$105.456 million was offset by decreases of:

- a \$41.370 million fiscally neutral adjustment from operating baseline to capital injection to provide for the capitalisation of borrowing costs for Waikeria Corrections and Treatment Facility Public Private Partnership
- a \$26.150 million fiscally neutral adjustment from operating baseline to capital injection in support of the Waikeria Corrections and Treatment Facility project
- a \$4.462 million adjustment to reflect the reduction in amortisation expenses due to the change in accounting treatment for Software as a Service arrangements, which resulted in derecognition of certain previously capitalised cost for 30 June 2022.