

Vote Corrections

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	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Re-offending is Reduced (M18) (A5) 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.	394,770	160	394,930
Total Departmental Output Expenses	394,770	160	394,930
Departmental Other Expenses			
Transfer of Three Waters Assets (M18) (A5) This appropriation is limited to expenses incurred in Corrections transferring Three Waters Assets to water service providers.	-	1,000	1,000
Total Departmental Other Expenses	-	1,000	1,000
Departmental Capital Expenditure			
Department of Corrections - Capital Expenditure PLA (M18) (A5) 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.	432,400	(114,971)	317,429
Total Departmental Capital Expenditure	432,400	(114,971)	317,429
Non-Departmental Other Expenses			
Waikeria Corrections and Treatment Facility (M18) (A5) 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.	50	36	86
Total Non-Departmental Other Expenses	50	36	86
Multi-Category Expenses and Capital Expenditure			
Policy Advice and Ministerial Services MCA (M18) (A5) 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.	10,261	(491)	9,770
<i>Departmental Output Expenses</i>			
<i>Ministerial Services</i> This category is limited to Department responses to ministerial correspondence and parliamentary questions.	2,305	244	2,549
<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, and to assist Pacific Nations.	7,956	(735)	7,221

Titles and Scopes of Appropriations by Appropriation Type	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Public Safety is Improved MCA (M18) (A5)	1,749,437	92,399	1,841,836
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.			
Departmental Output Expenses			
<i>Information and administrative services to the judiciary and New Zealand Parole Board</i>	88,789	8,989	97,778
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>	1,371,210	59,301	1,430,511
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>	289,438	24,109	313,547
This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.			
Total Multi-Category Expenses and Capital Expenditure	1,759,698	91,908	1,851,606
Total Annual Appropriations and Forecast Permanent Appropriations	2,586,918	(21,867)	2,565,051

Capital Injection Authorisations

	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Department of Corrections - Capital Injection (M18) (A5)	85,767	133,513	219,280

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2023/24				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	394,770	160	-	160	394,930
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	50	1,000	36	1,036	1,086
Capital Expenditure	432,400	(114,971)	-	(114,971)	317,429
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	1,759,698	91,908	-	91,908	1,851,606
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	2,586,918	(21,903)	36	(21,867)	2,565,051
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	-	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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	394,770	160	394,930
Revenue from the Crown	363,800	42	363,842
Revenue from Others	30,970	118	31,088

Reasons for Change in Appropriation

The appropriation increased by \$160,000 to \$394.930 million for 2023/24 due to:

- \$7.124 million new funding for staff remuneration increases, including a \$2.615 million expense transfer from 2022/23 to reflect the timing of collective employment bargaining settlement.
- \$3.268 million new funding to respond to increasing prisoner numbers.
- \$1 million of time-limited funding to reduce the demand on emergency housing for Māori in Tairāwhiti and Rotorua. This funding was transferred from 2022/23 due to the North Island Weather Events delaying preparation work by third parties. This is one of the Emergency Housing Reset and Redesign initiatives, jointly led by Ministry of Housing and Urban Development and the Ministry of Social Development.
- \$709,000 new funding to address the increase in capital charge following an increase in valuation of land and buildings following an independent asset revaluation undertaken as at 30 June 2023, in accordance with Public Sector Accounting Standards.
- \$649,000 fiscally neutral adjustment to this appropriation from capital injections to fund Software-as-a-Service arrangements in 2023/24. This follows the change in accounting treatment that requires certain Software-as-a-Service arrangements to be recognised as operating rather than capital expenditure.
- \$500,000 new funding drawn down from a tagged operating contingency to reduce demand on emergency housing for Rangatahi (under 25s) in the Hamilton area. Corrections received a total funding of \$2.700 million for four financial years (2023/24 to 2026/27) for this initiative. This is one of the Emergency Housing Reset and Redesign initiatives, jointly led by Ministry of Housing and Urban Development and the Ministry of Social Development.

- \$448,000 new funding drawn down from a tagged operating contingency for a tranche of the Waters Infrastructure Programme, as per the Detailed Business Case endorsed by Cabinet on 21 August 2023.
- \$293,000 of time-limited funding to deliver creative arts and cultural wellbeing programmes at several prison sites. This funding was transferred from 2022/23 due to custodial staff shortages having an impact on site access. This initiative was led by the Ministry for Culture and Heritage, and Vote Corrections received a total of \$3 million for 2022/23 to 2024/25 from Vote Art, Culture and Heritage.
- \$200,000 new funding drawn down from a tagged operating contingency to maintain accommodation and support for women leaving prison. This is part of the Homelessness package: Increasing the supply of public and transitional housing, led by Housing and Urban Development. Corrections received a total funding of \$900,000 for three financial years (2023/24 to 2025/26) for this initiative.
- The balance of \$176,000 mainly relates to a fiscally neutral adjustment from Health New Zealand to support adaptive behaviours, including self-regulation, for young people in the Youth Unit at Christchurch Men's Prison.

The total increase of \$14.367 million was offset by the following decreases:

- \$11.977 million fiscally neutral adjustment to capital injections from this appropriation for the Waikeria Prison Development, including \$10 million that was transferred to make debt repayments as part of the Public Private Partnership agreement. Operating funding was originally received, but due to the rephasing of the project, capital recognition is now required.
- \$2 million fiscally neutral adjustment from other output expense appropriations to reflect the impact of Hōkai Rangi: Te Ara Whakamua (The Pathway Forward), an organisation-wide structural change designed to help grow Corrections' capability, enhance how we deliver services, and support us to achieve our strategic goals. While Te Ara Whakamua will not significantly impact overall appropriation-level activity, it has resulted in a relatively small change between appropriations due to reporting line changes.
- \$142,000 expense transfer to 2025/26 due to the rephasing of the Waikeria Prison Development construction, specifically the timing of decommissioning and asset disposal activity post-construction.
- \$88,000 of capital charge funding was returned due to market value changes for derivative financial instruments as part of the Public Private Partnership agreements.

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,000	1,000

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

Completion of infrastructure improvements required to enable 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 Annual Report.

Reasons for Change in Appropriation

The appropriation increased to \$1 million for 2023/24 due to an initial \$6.200 million expense transfer from 2022/23, and a subsequent \$5.200 million transfer to 2024/25.

The delay of transferring the water supply for Auckland Men's Prison has been caused by Watercare Services Limited's resourcing constraints since 2021/22 and has been further impacted by the Auckland flooding event in 2022/23. Corrections has progressed with an engineering assessment and design, as well as a procurement plan for the related reservoir. The project has not progressed to transfer as parties continue to progress the required confirmation that the asset work meets required standards for transfer.

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	350,783	(40,594)	310,189
Intangibles	81,617	(74,377)	7,240
Other	-	-	-
Total Appropriation	432,400	(114,971)	317,429

Reasons for Change in Appropriation

The appropriation decreased by \$114.971 million to \$317.429 million for 2023/24 due to:

- Property, plant and equipment decreased by \$40.594 million due to:
 - a decrease of \$71.873 million following the finalisation of the 2023/24 capital plan which was approved at a lower value for 2023/24 than initially reflected in the 2023/24 Estimates. This adjustment was made in consideration of capital project prioritisation through multi-year phasing, long-term funding sustainability and supply chain capacity
 - a decrease of \$11.388 million due to the phasing of payments in relation to the supply chain funding agreement (as part of the Project Support Agreement dated April 2023) for the Waikeria Prison Development Public Private Partnership project
 - this decrease was partially offset by a \$42.667 million increase, mainly due to the reclassification of Phase 2 of the Modern Prisons (Digital) Programme, which was initially assessed as a largely intangible project.

- Intangibles decreased by \$74.377 million due to:
 - a decrease of \$42.667 million due to the reclassification of Phase 2 of the Modern Prisons (Digital) Programme to property, plant and equipment
 - a decrease of \$20.890 million following the finalisation of the 2023/24 capital plan which was approved at a lower value for 2023/24 than initially reflected in 2023/24 Estimates. This adjustment was made in consideration of capital project prioritisation through multi-year phasing, long-term funding sustainability and supply chain capacity
 - a decrease of \$10.820 million due to a transfer from capital injections to departmental output expenses for certain Software-as-a-Service arrangements.

Capital Injections and Movements in Departmental Net Assets

Department of Corrections

Details of Net Asset Schedule	2023/24 Main Estimates Projections \$000	2023/24 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2023/24
Opening Balance	3,988,788	4,414,863	Supplementary Estimates opening balance reflects the audited results as at 30 June 2023.
Capital Injections	85,767	219,280	Capital injections increased by \$133.513 million to \$219.280 million for 2023/24 due to: \$121.353 million relating to the Waikeria Prison Development Public Private Partnership project, and \$12.160 million new funding relating to tagged capital contingency drawdown to proceed with a tranche (2A) of the Water Infrastructure Programme as per the Detailed Business Case endorsed by Cabinet on 21 August 2023. Out of the \$121.353 million relating to the Waikeria Prison Development Public Private Partnership project, \$96.353 million relates to the supply chain funding as part of the Project Support Agreement dated April 2023 (\$76.580 million new funding and \$19.773 million self-funded through operating to capital baseline reallocation). The remaining \$25 million relates to debt repayment of Waikeria Prison Development Public Private Partnership, where funding was originally received as part of the operating baseline, but due to rephasing of the project, capital recognition is now required.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	10,716	9,583	The 2023/24 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 arrangements.
Other Movements	-	-	
Closing Balance	4,085,271	4,643,726	

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	50	36	86

Reasons for Change in Appropriation

The appropriation increased by \$36,000 to \$86,000 for 2023/24 due to expense transfer from 2022/23 to reflect the revised construction timing of the Waikeria Corrections and Treatment Facility project which prolonged the traffic management activity for the construction site, and rephased the 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, and to assist Pacific Nations.

Expenses, Revenue and Capital Expenditure

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	10,261	(491)	9,770
Departmental Output Expenses			
Ministerial Services	2,305	244	2,549
Policy Advice	7,956	(735)	7,221
Funding for Departmental Output Expenses			
Revenue from the Crown	10,261	(651)	9,610
Ministerial Services	2,305	244	2,549
Policy Advice	7,956	(895)	7,061
Revenue from Others	-	160	160
Policy Advice	-	160	160

Reasons for Change in Appropriation

The appropriation decreased by \$491,000 to \$9.770 million for 2023/24 due to:

- \$1.077 million fiscally neutral adjustment to Vote Justice and Vote Police to support the Justice Cluster initiative Better Outcomes for Victims. This reflects agreement between Justice Cluster Ministers that Ministry of Justice will now lead this initiative.

The decrease of \$1.077 million was offset by the following increases:

- \$177,000 expense transfer from 2022/23 to reflect a longer period of consultation between stakeholders to ensure the robust priority of activities for the Better Outcomes for Victims initiative.
- \$160,000 fiscally neutral adjustment from Ministry of Foreign Affairs and Trade to undertake advisory support to Department of Vanuatu Corrections Services.
- \$149,000 new funding to respond to increasing prisoner numbers.
- \$100,000 fiscally neutral adjustment from other output expense appropriations to reflect the impact of Hōkai Rangi: Te Ara Whakamua (The Pathway Forward), an organisation-wide structural change designed to help grow Corrections' capability, enhance how we deliver services, and support us to achieve our strategic goals. While Te Ara Whakamua will not significantly impact overall appropriation-level activity, it has resulted in a relatively small change between appropriations due to reporting line changes.

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,749,437	92,399	1,841,836
Departmental Output Expenses			
Information and administrative services to the judiciary and New Zealand Parole Board	88,789	8,989	97,778
Prison-based Custodial Services	1,371,210	59,301	1,430,511
Sentences and orders served in the community	289,438	24,109	313,547
Funding for Departmental Output Expenses			
Revenue from the Crown	1,746,218	90,105	1,836,323
Information and administrative services to the judiciary and New Zealand Parole Board	88,789	8,989	97,778
Prison-based Custodial Services	1,367,991	57,007	1,424,998
Sentences and orders served in the community	289,438	24,109	313,547
Revenue from Others	3,219	2,294	5,513
Prison-based Custodial Services	3,219	2,294	5,513

Reasons for Change in Appropriation

The appropriation increased by \$92.399 million to \$1,841.836 million for 2023/24 due to:

- \$71.651 million new funding for staff remuneration increases, including a \$7.785 million expense transfer from 2022/23 to reflect the timing of collective employment bargaining settlement.
- \$22.934 million new funding to address the increase in capital charge following an increase in valuation of land and buildings following an independent asset revaluation undertaken as at 30 June 2023, in accordance with Public Sector Accounting Standards.
- \$16.389 million new funding to respond to increasing prisoner numbers.
- \$10.171 million fiscally neutral adjustment to this appropriation from capital injections to fund Software-as-a-Service arrangements in 2023/24. This follows the change in accounting treatment that requires certain Software-as-a-Service arrangements to be recognised as operating rather than capital expenditure.
- \$4.032 million new funding drawn down from a tagged operating contingency for a tranche of the Waters Infrastructure Programme, as per the Detailed Business Case endorsed by Cabinet on 21 August 2023.
- \$3.804 million fiscally neutral adjustment from capital injections to this appropriation for programme costs relating to the redevelopment of Christchurch Men's Prison.

- \$1.900 million fiscally neutral adjustment to other output expense appropriations to reflect the impact of Hōkai Rangī: Te Ara Whakamua (The Pathway Forward), an organisation-wide structural change designed to help grow Corrections' capability, enhance how we deliver services, and support us to achieve our strategic goals. While Te Ara Whakamua will not significantly impact overall appropriation-level activity, it has resulted in a relatively small change between appropriations due to reporting line changes.
- \$1.250 million increase in revenue relating to prisoner accounts purchases which is offset by an increase in associated costs.
- \$1 million for the recognition of business continuity insurance income for 2023/24 as a result of the Waikeria prison disorder incident in December 2020.
- \$232,000 fiscally neutral adjustment from Vote Justice and Vote Police to fund the continuation of the Apanui Justice Programme which was established in 2020, pending the expected agreement to an ongoing relationship as part of the settlement of Te Whānau-ā-Apanui treaty claims. As negotiations are still ongoing, further interim funding is required for the continued delivery of the programme. This transfer has been agreed between agencies to jointly fund the next phase of the programme.
- \$44,000 new funding from the Energy Efficiency Conservation Authority for the decarbonisation pathway study to undertake a feasibility study and integration design to develop opportunities for replacing fossil-fuelled boilers at Rimutaka Prison, Waikeria Prison, Spring Hill Corrections Facility, Hawke's Bay Regional Prison, Whanganui Prison, Northland Region Corrections Facility and Manawatu Prison.

The total increase of \$133.407 million was offset by the following decreases:

- \$32.796 million fiscally neutral adjustment from this appropriation to capital injections for the Waikeria Prison Development Public Private Partnership project. The majority (\$17.796 million) relates to self-funding of the Waikeria Corrections and Treatment Facility project supply chain fund through funding reallocation.
- \$5 million funding relating to the Waikeria Prison Development was returned as part of the All-of-Government Rapid Savings Exercise.
- \$2.854 million of capital charge funding was returned due to market value changes for financial instruments as part of the Public Private Partnership agreements.
- \$358,000 expense transfer to 2025/26 to reflect Waikeria Corrections and Treatment Facility project construction rephasing, specifically the timing of decommissioning and asset disposal activity post construction.