

# *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	2024/25		
	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.	397,104	(12,812)	384,292
<b>Total Departmental Output Expenses</b>	397,104	(12,812)	384,292
<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.	5,200	(2,264)	2,936
<b>Total Departmental Other Expenses</b>	5,200	(2,264)	2,936
<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.	264,026	216,570	480,596
<b>Total Departmental Capital Expenditure</b>	264,026	216,570	480,596
<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.	683	(328)	355
<b>Total Non-Departmental Other Expenses</b>	683	(328)	355

	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<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.	7,320	941	8,261
<b>Departmental Output Expenses</b>			
<b>Ministerial Services</b> This category is limited to Department responses to ministerial correspondence and parliamentary questions.	2,755	-	2,755
<b>Policy Advice</b> 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.	4,565	941	5,506
<b>Public Safety is Improved MCA (M18) (A5)</b> 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.	1,979,580	37,727	2,017,307
<b>Departmental Output Expenses</b>			
<b>Information and administrative services to the judiciary and New Zealand Parole Board</b> 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.	106,035	(72)	105,963
<b>Prison-based Custodial Services</b> 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.	1,560,177	37,685	1,597,862
<b>Sentences and orders served in the community</b> This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.	313,368	114	313,482
<b>Total Multi-Category Expenses and Capital Expenditure</b>	1,986,900	38,668	2,025,568
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	2,653,913	239,834	2,893,747

## Capital Injection Authorisations

	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Department of Corrections - Capital Injection (M18) (A5)	56,028	78,297	134,325

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2024/25				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	397,104	(12,812)	-	(12,812)	384,292
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	5,883	(2,264)	(328)	(2,592)	3,291
Capital Expenditure	264,026	216,570	-	216,570	480,596
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	1,986,900	38,668	-	38,668	2,025,568
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	2,653,913	240,162	(328)	239,834	2,893,747
<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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	397,104	(12,812)	384,292
Revenue from the Crown	366,030	(12,812)	353,218
Revenue from Others	31,074	-	31,074

##### Reasons for Change in Appropriation

The appropriation decreased by \$12.812 million to \$384.292 million for 2024/25 due to:

- \$12.973 million fiscally neutral adjustment to capital injections from this appropriation for the Waikeria Prison (Development). Operating funding was originally received, but due to the rephasing of the project, capital recognition is now required for accounting treatment
- \$334,000 fiscally neutral adjustment from other output expense appropriations to reflect the impact of Hōkai Rangi: Te Ara Whakamua (The Pathway Forward). This was an organisation-wide structural change designed to help grow Corrections' capability, enhance how Corrections delivers services, and support Corrections to achieve its 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
- \$300,000 expense transfer to 2025/26 to carry out project close out activities due to the rephasing of the Waikeria Prison (Development) construction
- \$34,000 capital charge funding was returned due to market value changes for derivative financial instruments as part of the Public Private Partnership agreements.

The total decrease of \$13.641 million was offset by the following increases:

- \$629,000 drawdown of tagged contingency funding for remuneration pressure
- \$200,000 fiscally neutral adjustment from the transfer of capital to operating expenditure for enabling progress of strategic projects. These are initial costs associated with the implementation of the Long-Term Network Configuration plan which includes the business case for High Security Capacity Programme.

## 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.

#### *Reasons for Change in Appropriation*

The appropriation decreased by \$2.264 million to \$2.936 million for 2024/25 due to:

- \$3 million expense transfer to 2025/26 to enable Corrections to undertake the works required to divest the Three Waters Assets at Auckland Prison. The asset transfer can only happen once the asset is up to necessary standards, the specific one-off funding does not repeat in outyears.

The total decrease of \$3 million was offset by the following increase:

- \$736,000 relates to expense transfer from 2023/24.

There is a continued delay in the transfer of water supply assets to Watercare Services Limited (Watercare) which has occurred due to factors that are not in Corrections' control. The delay has been caused by Watercare's resourcing constraints which were further impacted by Watercare's need to focus on the recovery efforts as a result of the Auckland flooding event in 2022/23. Corrections will not be able to fulfil its obligation under the related Treaty settlement until works are completed to decouple residential water supply from the prison water supply. This work has been delayed by negotiations with Watercare in terms of what assets will transfer, who delivers upgrades and enhancements to the assets and when they divest.

Heads of Agreement with Watercare is close to being finalised. This signals that Watercare is supportive of taking on these assets and provides Corrections a clear path forward to progress with the work required to necessary obligations and transfer the associated water reservoirs, pipes and other water assets, along with the water supplier responsibilities.

## 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*

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	255,626	215,746	471,372
Intangibles	8,400	824	9,224
Other	-	-	-
<b>Total Appropriation</b>	<b>264,026</b>	<b>216,570</b>	<b>480,596</b>

#### *Reasons for Change in Appropriation*

The appropriation increased by \$216.570 million to \$480.596 million for 2024/25 due to:

- Property, Plant and Equipment increased by \$215.746 million due to:
  - an increase of \$183.134 million for the Waikeria Prison (Development) project primarily related to the recognition of liability and finance payments as capital expenditure prior to capitalisation of the asset due to accounting treatment requirement
  - an increase of \$50.462 million for the Waikeria Prison (Expansion) project related to initial ground works and design
  - the increase was offset by a decrease of \$17.850 million related to revised project phasing, across the department's capital plans as a whole
- intangibles increased by \$824,000 due to:
  - minor changes related to revised project phasing, across the department's capital plans as a whole.

## *Capital Injections and Movements in Departmental Net Assets*

### **Department of Corrections**

Details of Net Asset Schedule	2024/25 Main Estimates Projections \$000	2024/25 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2024/25
Opening Balance	4,643,726	4,636,653	Supplementary Estimates opening balance reflects the audited results as at 30 June 2024.
Capital Injections	56,028	134,325	Capital injections increased by \$78.297 million to \$134.325 million for 2024/25 due to: a \$55.409 million fiscally neutral adjustment to capital injections for the Waikeria Prison (Development) where funding was originally received as part of the operating baseline, but due to rephasing of the project, capital recognition is now required for accounting treatment, and a \$30 million capital injection to progress with the Waikeria Prison (Expansion) initial ground work and design. The total increase of \$85.409 million was offset by the following decreases: a \$4.103 million fiscally neutral adjustment from the transfer of capital to operating expenditure to enable progress of strategic projects. These are initial cost associated with the implementation of the Long-Term Network Configuration plan which include the business case for High Security Capacity Programme, and a \$3.009 million fiscally neutral adjustment from capital to this appropriation to establish a prison-based industry assembling kitset homes to support an initiative led by Kainga Ora. Originally a construction site was to be built with the capital injection however a leased construction site is used for the activity hence the swap to operating funding.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	7,169	(35,539)	The entire 2024/25 forecast deficit relates to the unrealised year to date movement on the interest rate swaps entered into with New Zealand Debt Management to manage the interest rate risk relating to public private partnership arrangements.
Other Movements	-	-	
<b>Closing Balance</b>	<b>4,706,923</b>	<b>4,735,439</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.

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

The appropriation decreased by \$328,000 to \$355,000 for 2024/25 due to:

- \$400,000 expense transfer to 2025/26 to ensure immediate funding is available to meet infrastructure requirements for the Waikeria Prison site, including a consideration for a requirement to build an overpass on the State Highway to ensure all regulator designated conditions for related consents are met, including the traffic management requirements during construction and roading make-good requirements once majority of the construction is completed to accommodate higher traffic volumes.

The total decrease of \$400,000 was offset by the following increase:

- \$72,000 expense transfer from 2023/24 for Waikeria Prison site traffic management and road works requirements.

# 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*

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>7,320</b>	<b>941</b>	<b>8,261</b>
<b>Departmental Output Expenses</b>			
Ministerial Services	2,755	-	2,755
Policy Advice	4,565	941	5,506
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>7,160</b>	<b>883</b>	<b>8,043</b>
Ministerial Services	2,755	-	2,755
Policy Advice	4,405	883	5,288
<b>Revenue from Others</b>	<b>160</b>	<b>58</b>	<b>218</b>
Policy Advice	160	58	218

## *Reasons for Change in Appropriation*

The appropriation increased by \$941,000 to \$8.261 million for 2024/25 due to:

- \$1.500 million fiscally neutral adjustment from other output expense appropriations to reflect the impact of Hōkai Rangi: Te Ara Whakamua (The Pathway Forward). This was an organisation-wide structural change designed to help grow Corrections capability, enhance how Corrections delivers services, and support Corrections to achieve its 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
- \$995,000 transfer of funding from 2023/24 to reflect a longer period of consultation between stakeholders across agencies to ensure the robust prioritisation of activities for Victims of Crime: Improving Outcomes initiative. The funding was later transferred to Vote Police (see below)
- \$58,000 funding in line with Memorandums of Understanding entered between Corrections and Ministry of Corrective Service Te Tango Akatanotano (Ministry of Corrective Service Cook Islands) and Fiji Corrections to provide training on custodial, case management and psychologist support during the year.

The total increase of \$2.553 million was offset by the following decreases:

- \$995,000 transfer funding to Vote Police to support the Victims of Crime: Improving Outcomes initiative
- \$617,000 transfer funding to the Ministry of Justice for behavioural science resource from Vote Corrections to Vote Justice with no impact on the operating balance and net core Crown debt.

## **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*

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>1,979,580</b>	<b>37,727</b>	<b>2,017,307</b>
<b>Departmental Output Expenses</b>			
Information and administrative services to the judiciary and New Zealand Parole Board	106,035	(72)	105,963
Prison-based Custodial Services	1,560,177	37,685	1,597,862
Sentences and orders served in the community	313,368	114	313,482
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>1,974,136</b>	<b>24,112</b>	<b>1,998,248</b>
Information and administrative services to the judiciary and New Zealand Parole Board	106,035	(72)	105,963
Prison-based Custodial Services	1,554,733	24,070	1,578,803
Sentences and orders served in the community	313,368	114	313,482
<b>Revenue from Others</b>	<b>5,444</b>	<b>13,615</b>	<b>19,059</b>
Prison-based Custodial Services	5,444	13,615	19,059

*Reasons for Change in Appropriation*

The appropriation increased by \$37.727 million to \$2,017.497 million for 2024/25 due to:

- \$30.140 million relating to the Waikeria Prison (Development), including funding for Waikeria contractor claims, which is offset by a fiscally neutral adjustment to capital injections, to reflect the accounting treatment for project capital recognition due to rephasing
- \$3.800 million fiscally neutral adjustment from the transfer of capital to operating expenditure for enabling progress of strategic projects. These are initial costs associated with the implementation of the Long-Term Network Configuration plan which includes the business case for High Security Capacity Programme
- \$2.800 million increase in revenue relating to prisoners' purchase of basic goods through the purchasing system which is offset by an increase in associated costs
- \$2.513 million drawdown of tagged contingency funding for remuneration pressure
- \$1.200 million increase in prison industry revenue relating to farming, which is offset by an increase in associated costs
- \$615,000 for the recognition of business continuity insurance income for 2023/24 as a result of the Waikeria Prison disorder incident in December 2020
- \$225,000 fiscally neutral adjustment from capital injection to this appropriation to establish a prison-based industry assembling kitset homes to support an initiative led by Kainga Ora. Originally a construction site was to be built with the capital injection however a leased construction site is used for the activity hence the swap to operating funding

- \$91,000 new funding drawdown from Victims of Crime: Improving Outcome Tagged Operating Contingency for the initiative: Enhancing the voice of victims to support New Zealand Parole Board hearing outcomes.

The total increase of \$41.384 million was offset by the following decreases:

- \$1.200 million expense transfer to 2025/26 for the Waikeria Prison (Development) project close out activities due to the rephasing of the construction
- \$1.166 million fiscally neutral adjustment to other output expense appropriations to reflect the impact of Hōkai Rangi: Te Ara Whakamua (The Pathway Forward). This was an organisation-wide structural change designed to help grow Corrections' capability, enhance how Corrections delivers services, and support Corrections to achieve its 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
- \$1.090 million capital charge funding was returned due to market value changes for derivative financial instruments as part of the Public Private Partnership agreements.
- \$190,000 one-off funding transferred to Vote Justice for a payment relating to wrongful conviction and detention
- \$11,000 permanent funding transfer from Vote Corrections to Vote Labour Market to manage the Remuneration Authority. This ensures that remuneration for all Parole Board members is paid under the Remuneration Authority Act 1977, with the goal of removing the function from the executive branch of the government. This is part of the Ministry of Justice system wide improvements package for the effectiveness and efficiency of the regulatory system.