

The Treasury

Budget 2021 Information Release

August 2021

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Cabinet Document Details

Title: **Cabinet Minute: CAB-21-MIN-0116.06: 2021 Budget Package: Vote Corrections**

Date: **15 April 2021**

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- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
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Cabinet

Minute of Decision

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2021 Budget Package: Vote Corrections

On 12 April 2021, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2021 Budget package, as listed in the summary below and detailed in the attached initiative documents:

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13260	Asset Revaluation Depreciation Impacts	15.000	(1.200)	13.900	1.900	7.100
13405	Corrections Savings Initiative	(55.398)	-	-	-	-
13256	Electronic Monitoring Demand and Price Pressure	-	3.480	2.490	2.490	2.490
13266	High Impact Innovation Programme - delivering continued transformation of the criminal justice system	-	7.460	7.460	-	-
13257	Maintaining Safe, Effective Housing, Support Services and Community-based Reintegration Pathways	-	3.420	8.100	8.100	8.100
13255	Management of People of Extreme Risk	-	1.661	1.661	1.661	1.661
13253	Māori Pathways – Kaupapa Māori Services for Wāhine	-	0.989	3.039	3.385	1.405
13262	Waikeria Prison Development – enabling the operating of the New Prison	-	5.200	11.210	15.120	15.120
13263	Waikeria Prison Development – enabling the operating of the Waikeria Mental Health and Addiction Service	-	-	12.550	24.560	24.560
Total Operating		(40.398)	21.010	60.410	57.216	60.436

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13253	Māori Pathways – Kaupapa Māori services for Wāhine	-	0.150	0.550	0.500	-
13262	Waikeria Prison Development – enabling the operating of the New Prison	-	3.060	1.500	-	-
13263	Waikeria Prison Development – enabling the operating of the Waikeria Mental Health and Addiction Service	-	6.300	1.560	-	-
Total Capital		-	9.510	3.610	0.500	-

- 2 **approved** changes to appropriations and the capital injections to the administering department to implement the initiatives, as set out in the attached initiative documents;
- 3 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 4 **agreed** that the changes to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 5 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2020/21 Supplementary Estimates, the 2021/22 Estimates and the fiscal forecasts;
- 6 **noted** that all communications relating to the 2021 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 7 **agreed** that initiatives in the following tables and as detailed in the attached initiative documents be contingency items and that the corresponding funding for each operating initiative contingency be a charge against the Operating Allowance and for each capital initiative contingency be a charge against the Multi-Year Capital Allowance:

Summary of contingency initiatives included in the attached initiative documents:**Operating Contingency**

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13254	[38]					
13258	Critical Infrastructure and Compliance (3 Waters)	-	10.528	4.672	-	-
13264	Waikeria Prison Development – enabling the operating of Waikeria site through the provision of critical infrastructure	18.000	2.000	7.900	9.300	9.300
Total Operating		[38]				

Capital Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13258	Critical Infrastructure and Compliance (3 Waters)	-	1.610	3.830	-	-
13264	Waikeria Prison Development – enabling the operating of Waikeria site through the provision of critical infrastructure	3.700	48.300	14.300	-	-
Total Capital		3.700	49.910	18.130	-	-

Michael Webster
Secretary of the Cabinet

Initiative No: 13260

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Asset Revaluation Depreciation Impacts

Description: This initiative addresses Asset Revaluation depreciation impacts to enable sustainable depreciation funding for the Corrections asset base. This initiative includes the withdrawal of recognition of Waikeria Prison assets following the recent incident. This has been partially offset by a useful life review and reducing depreciation for poor quality assets.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	15.000	(1.200)	13.900	1.900	7.100
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	15.000	(1.200)	13.900	1.900	7.100

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expense:					
Re-offending is Reduced (funded by revenue Crown)	1.500	(0.120)	1.390	0.190	0.710
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expense:</i>					
Prison-based Custodial Services (funded by revenue Crown)	13.500	(1.080)	12.510	1.710	6.390
Total Operating	15.000	(1.200)	13.900	1.900	7.100

Initiative No: 13405

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Corrections Savings Initiative

Description: This initiative reflects the return to centre of baseline funding no longer required for 2020/21. This represents a partial offset against new funding for Budget 2021 initiatives across the Vote.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	(55.398)	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(55.398)	-	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expense:					
Re-offending is Reduced (funded by revenue Crown)	(24.343)	-	-	-	-
Non-Departmental Other Expense:					
Waikeria Corrections and Treatment Facility	(29.727)	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expenses:</i>					
Information and Administrative Services to the Judiciary and New Zealand Parole Board (funded by revenue Crown)	(0.292)	-	-	-	-
Prison-based Custodial Services (funded by revenue Crown)	(0.745)	-	-	-	-
Sentences and Orders Served in the Community (funded by revenue Crown)	(0.291)	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Public Safety is Improved (MCA)	(1.328)	-	-	-	-
Total Operating	(55.398)	-	-	-	-

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Electronic Monitoring Demand and Price Pressure

Description: This initiative provides for maintaining safe and effective community-based sentences and orders, by responding to demand-driven electronic monitoring price and volumes pressures.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	3.480	2.490	2.490	2.490
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	3.480	2.490	2.490	2.490

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expense:</i>					
Sentences and Orders Served in the Community (funded by revenue Crown)	-	3.480	2.490	2.490	2.490
Total Operating	-	3.480	2.490	2.490	2.490

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: High Impact Innovation Programme - delivering continued transformation of the criminal justice system

Description: This initiative provides further funding for the High Impact Innovation Programme (HIIP); a cross-sector group that delivers operational improvements across the criminal justice system in partnership with government agencies and Māori and through investing in community capability. This programme supports the Government's commitment to reform the criminal justice system and works towards the strategic priorities of the Justice Sector Leadership Board.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	7.460	7.460	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	7.460	7.460	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expense:					
Re-offending is Reduced (funded by revenue Crown)	-	2.239	2.239	-	-
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expenses:</i>					
Information and Administrative Services to the Judiciary and New Zealand Parole Board (funded by revenue Crown)	-	1.827	1.827	-	-
Prison-based Custodial Services (funded by revenue Crown)	-	1.567	1.567	-	-
Sentences and Orders Served in the Community (funded by revenue Crown)	-	1.827	1.827	-	-
Total Multi-Category Expenses and Capital Expenditure: Public Safety is Improved (MCA)	-	5.221	5.221	-	-
Total Operating	-	7.460	7.460	-	-

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Maintaining Safe, Effective Housing, Support Services and Community-based Reintegration Pathways

Description: This initiative provides funding for cost pressures in Corrections’ Reintegrative, Supported Accommodation and Prison Chaplaincy services. This will mitigate the increased costs to secure services across the reintegration and housing and support services portfolio.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	3.420	8.100	8.100	8.100
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	3.420	8.100	8.100	8.100

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expense:					
Re-offending is Reduced (funded by revenue Crown)	-	1.710	4.050	4.050	4.050
Multi-Category Expense and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expenses:</i>					
Sentences and Orders Served in the Community (funded by revenue Crown)	-	1.710	4.050	4.050	4.050
Total Operating	-	3.420	8.100	8.100	8.100

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Management of People of Extreme Risk

Description: This initiative will ensure that the Prisoners of Extreme Risk Unit and its associated support and leadership functions continue to effectively care for, and manage, people of extreme risk, pending Cabinet consideration of the future operating model and associated funding requirements. The initiative was initially funded up until June 2021 following the March 15 terror attacks.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	1.661	1.661	1.661	1.661
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.661	1.661	1.661	1.661

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expenses:</i>					
Prison-based Custodial Services (funded by revenue Crown)	-	1.661	1.661	1.661	1.661
Total Operating	-	1.661	1.661	1.661	1.661

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Māori Pathways – Kaupapa Māori Services for Wāhine

Description: This initiative provides a co-ordinated, seamless, end-to-end “kaupapa Māori” experience for wāhine Māori in the care and management of Corrections in Otago and across the wider Canterbury region. This approach recognises the specific factors leading to the incarceration of wāhine Māori, the intergenerational impacts on tamariki and whānau and the need for gender-specific and kaupapa Māori initiatives designed by Māori with Māori.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	0.989	3.039	3.385	1.405
Debt Impact	-	0.150	0.550	0.500	-
No Impact	-	-	-	-	-
Total	-	1.139	3.589	3.885	1.405

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expense:					
Re-offending is Reduced (funded by revenue Crown)	-	0.495	1.519	1.692	0.703
Capital Injection:					
Department of Corrections - Capital Injection	-	0.150	0.550	0.500	-
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expenses:</i>					
Prison-based Custodial Services (funded by revenue Crown)	-	0.272	0.836	0.931	0.386
Sentences and Orders Served in the Community (funded by revenue Crown)	-	0.222	0.684	0.762	0.316
Total Multi-Category Expenses and Capital Expenditure: Public Safety is Improved (MCA)	-	0.494	1.520	1.693	0.702
Total Operating	-	0.989	3.039	3.385	1.405
Total Capital	-	0.150	0.550	0.500	-

Initiative No: 13262

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Waikeria Prison Development – enabling the operating of the New Prison

Description: This initiative provides funding for the incremental operational resources, services and digital tools to operationalise the Waikeria Prison Development, due for completion in 2022. It will deliver an integrated, person-centred, humanising, healing, accessible and needs-based, kaupapa Māori model of care for the whole site (980 beds). This will significantly improve rehabilitation and reintegration outcomes for Māori within the context of whānau, hapū, iwi and communities.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	5.200	11.210	15.120	15.120
Debt Impact	-	3.060	1.500	-	-
No Impact	-	-	-	-	-
Total	-	8.260	12.710	15.120	15.120

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expenses:					
Re-offending is Reduced (funded by revenue Crown)	-	1.040	2.242	3.023	3.023
Capital Injections:					
Department of Corrections - Capital Injection	-	3.060	1.500	-	-
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expenses:</i>					
Information and Administrative Services to the Judiciary and New Zealand Parole Board (funded by revenue Crown)	-	0.416	0.897	1.210	1.210
Prison-based Custodial Services (funded by revenue Crown)	-	3.744	8.071	10.887	10.887
Total Multi-Category Expenses and Capital Expenditure: Public Safety is Improved (MCA)	-	4.160	8.968	12.097	12.097
Total Operating	-	5.200	11.210	15.120	15.120
Total Capital	-	3.060	1.500	-	-

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Waikeria Prison Development – enabling the operating of the Waikeria Mental Health and Addiction Service

Description: This initiative provides the operational funding required to operationalise the 100-bed mental health and addiction service based at Waikeria Prison, due for completion in 2022. It also funds digital health tools providing tāne with the autonomy to access mental health and addiction support, and enabling staff to increase real time access to information including from external health providers, as well as building design changes that will provide a more therapeutic physical environment for tāne who spend time at MHAS.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	-	12.550	24.560	24.560
Debt Impact	-	6.300	1.560	-	-
No Impact	-	-	-	-	-
Total	-	6.300	14.110	24.560	24.560

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expense:					
Re-offending is Reduced (funded by revenue Crown)	-	-	2.510	4.912	4.912
Capital Injection:					
Department of Corrections - Capital Injection	-	6.300	1.560	-	-
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA) <i>Departmental Output Expense:</i> Prison-based Custodial Services (funded by revenue Crown)	-	-	10.040	19.648	19.648
Total Operating	-	-	12.550	24.560	24.560
Total Capital	-	6.300	1.560	-	-

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: [38]

Description: [38]

Tagged contingency

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Contingency	-	[38]			
Total	-				

Additional recommendations

8 [38]

9 **agreed** that the expiry date for the above tagged contingency be 1 February 2022;

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Critical Infrastructure and Compliance (3 Waters)

Description: This initiative provides funding for the first Tranche of a 16-year programme designed to address the significant risk levels and cost pressures impacting Corrections' 3 Waters infrastructure.

Tagged contingency

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Contingency	-	10.528	4.672	-	-
Capital Contingency	-	1.610	3.830	-	-
Total	-	12.138	8.502	-	-

Additional recommendations

- 10 **authorised** the Minister of Finance and the Minister of Corrections jointly to draw down from the Critical Infrastructure and Compliance (3 Waters) contingency after Cabinet has considered a Critical Infrastructure and Compliance (3 Waters) Programme Business Case;
- 11 **agreed** that the expiry date for the above tagged contingency be 1 February 2022;

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Waikeria Prison Development – enabling the operating of Waikeria site through the provision of critical infrastructure

Description: This initiative provides funding for the necessary critical infrastructure to successfully commission and operate the new Waikeria Prison Development, due for completion in 2022, and to consolidate the site around the new development, in line with the designation conditions issued by the Environment Court.

Tagged contingency

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Contingency	18.000	2.000	7.900	9.300	9.300
Capital Contingency	3.700	48.300	14.300	-	-
Total	21.700	50.300	22.200	9.300	9.300

Additional recommendations

- 12 **noted** that there is still some uncertainty around the Waikeria December 2020 Riot insurance and demolition costs so drawdown of the full contingency may not be necessary;
- 13 **agreed** that the expiry date for the above tagged contingency be 1 February 2022;
- 14 **authorised** the Minister of Finance and the Minister of Corrections jointly to draw down from the above tagged contingency after Joint Ministers have considered a Waikeria Business Case Addendum.