

# *Information Supporting the Supplementary Estimates*

## *Vote Corrections*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Corrections (M18)

ADMINISTERING DEPARTMENT: Department of Corrections

MINISTER RESPONSIBLE FOR DEPARTMENT OF CORRECTIONS: Minister of Corrections

## Part 1 - Summary of the Vote

### Part 1.3 - Trends in the Vote

#### Summary of Financial Activity

	2009/10				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	1,065,476	18,429	-	18,429	1,083,905
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	-	-	-
Capital Expenditure	402,471	(134,342)	-	(134,342)	268,129
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
<b>Total Appropriations</b>	<b>1,467,947</b>	<b>(115,913)</b>	<b>-</b>	<b>(115,913)</b>	<b>1,352,034</b>
<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>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part 2 - Details and Expected Performance for Output Expenses

### Part 2.1 - Departmental Output Expenses

#### Information Services (M18)

##### *Scope of Appropriation*

This appropriation is limited to the provision of information about offenders to the judiciary and the New Zealand Parole Board to inform their respective decision-making processes, the administration of home leave for prisoners, and the provision of victim notification services.

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

This appropriation will decrease by \$9.565 million to \$54.245 million for 2009/10. The change in appropriation is mainly due to:

- a transfer of funding due to a forecast change approved in 2009/10 to output class Sentences and Orders Served in the Community to realign funding appropriated by Cabinet based on estimates to actual activities
- fiscally neutral adjustments to realign internal resources to ensure the delivery of the Department's outputs
- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure
- a reduction in capital charge associated with the capital transferred from 2009/10 to 2010/11 and 2011/12 for capital projects deferred to align with The Community Probation Services in New Zealand: Change Programme 2009-2012. This decrease was partially offset by additional capital charge received from revaluation of land and buildings as at 30 June 2009, and
- a transfer of the Department's efficiency savings from 2009/10 to 2010/11.

#### Management of Third Party Custodial Services (M18)

##### *Scope of Appropriation*

This appropriation is limited to preparing for and managing contracts for the provision of custodial services by third parties.

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

This appropriation is set up specifically for the implementation cost of the PPP project and the contract management of two existing prisons for the provision of custodial services. This will avoid any potential overlaps with other appropriations which currently includes contracts with third parties.

In addition, the actual amount received under implementation of PPP do not contribute to outputs delivered under the existing output classes.

## Policy Advice and Ministerial Services (M18)

### *Scope of Appropriation*

This appropriation is limited to the provision of ministerial services, the development of policies and the provision of policy advice.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$698,000 to \$5.509 million for 2009/10. The change in appropriation is mainly due to:

- fiscally neutral adjustments to realign internal resources to ensure the delivery of the Department's outputs
- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure, and
- a transfer of the Department's efficiency savings from 2009/10 to 2010/11.

## Prison-based Custodial Services MCOA (M18)

### *Scope of Appropriation*

#### **Custody of Remand Prisoners**

This output class is limited to the provision of custodial services for remand prisoners (people awaiting trial, and offenders convicted but not yet sentenced).

#### **Custody of Sentenced Prisoners**

This output class is limited to the provision of custodial services for offenders sentenced to imprisonment.

### *Explanation for Use of Multi-Class Output Expense Appropriation*

These output classes use the same resources in providing custodial services.

### *Reasons for Change in Appropriation*

#### **Custody of Remand Prisoners**

This appropriation will increase by \$27.825 million to \$150.103 million for 2009/10. The change in appropriation for Custody of Remand Prisoners is largely due to:

- new funding for the development of Stage Two business cases for the expansion and replacement of capacity at Waikeria and Wiri Prisons, and to increase funding for double-bunking at five prisons
- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure
- additional capital charge received from revaluation of land and buildings as at 30 June 2009, which is partially offset by a reduction in capital charge associated with the capital return in 2009/10 for the Mt Eden Phase Two (Stage Two) development
- return of funding previously received as part of the decision made for the Department to obtain agreement with Unions to access increased capacity provided through double bunking of existing facilities and to settle collective employment agreements

- a transfer of the Department's efficiency savings from 2009/10 to 2010/11, and
- fiscally neutral adjustments to realign internal resources by transferring funding for output class Custody of Sentenced Prisoners due to increasing proportion of Remand Prisoners compared to Sentenced Prisoners over the years, and realignment of Crime Prevention and Health Services within Prison-based Custodial Services.

### **Custody of Sentenced Prisoners**

This appropriation will decrease by \$37.701 million to \$552.870 million for 2009/10. The change in appropriation for Custody of Sentenced Prisoners is largely due to:

- return of funding previously received as part of the decision made for the Department to obtain agreement with Unions to access increased capacity provided through double bunking of existing facilities and to settle collective employment agreements
- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure
- a transfer of funding due to a forecast change approved in 2009/10 to realign funding appropriated by Cabinet based on estimates to actual activities
- a transfer of the Department's efficiency savings from 2009/10 to 2010/11, and
- fiscally neutral adjustments to realign internal resources by transferring funding to output class Custody of Remand Prisoners due to increasing proportion of Remand Prisoners compared to Sentenced Prisoners over the years, and realignment of Crime Prevention and Health Services within Prison-based Custodial Services.

### **Prisoner Employment (M18)**

#### *Scope of Appropriation*

Provision of prisoner employment, including the provision and administration of work experience and training opportunities designed to help address the underlying causes of criminal re-offending.

#### *Reasons for Change in Appropriation*

This appropriation will increase by \$20.750 million to \$60.398 million for 2009/10. The change in appropriation is largely due to:

- an one-off approval received to generate higher than expected external revenue and associated expenditure in 2009/10 as a result of new prisoners' employment ventures
- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure
- additional capital charge received from the revaluation of land and buildings as at 30 June 2009
- fiscally neutral adjustments to realign internal resources to ensure the delivery of the Department's outputs, and
- a transfer of the Department's efficiency savings from 2009/10 to 2010/11.

## Prisoner Transportation and Courtroom Supervision (M18)

### *Scope of Appropriation*

This appropriation is limited to the provision of transportation for prisoners to and from court and the supervision of prisoners while at court.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$341,000 to \$12.010 million for 2009/10. The change in appropriation is mainly due to:

- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure
- additional funding received for capital charge from revaluation of land and buildings as at 30 June 2009
- a fiscally neutral adjustment to realign internal resources to ensure the delivery of the Department's outputs, and
- a transfer of the Department's efficiency savings from 2009/10 to 2010/11.

## Rehabilitative Programmes and Reintegrative Services (M18)

### *Scope of Appropriation*

Provision of prison and community-based responsivity and rehabilitative programmes, reintegrative services and psychological services designed to address the underlying causes of criminal re-offending.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$7.563 million to \$67.147 million for 2009/10. The change in appropriation is largely due to:

- a transfer of funding due to a forecast change approved in 2009/10 to output class Sentences and Orders served in the Community to realign funding appropriated by Cabinet based on estimates to actual activities
- fiscally neutral adjustments to realign internal resources to ensure the delivery of the Department's outputs, and
- a transfer of the Department's efficiency savings from 2009/10 to 2010/11.

## Sentences and Orders Served in the Community (M18)

### *Scope of Appropriation*

This appropriation is limited to the management and delivery of sentences and orders served in the community.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$22.476 million to \$174.159 million for 2009/10. The change in appropriation is largely due to:

- additional funding received for the New Zealand Agency for International Development (NZAID) - Vanuatu Corrections Services Project
- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure
- additional funding received for capital charge from revaluation of land and buildings as at 30 June 2009, which is partially offset by a reduction in capital charge associated with the capital transferred from 2009/10 to 2010/11 and 2011/12
- a transfer of funding of funding due to a forecast change approved in 2009/10 from output class Information Services to realign funding appropriated by Cabinet based on estimates to actual activities
- fiscally neutral adjustments to realign internal resources to ensure the delivery of the Department's outputs, and
- a transfer of the Department's efficiency savings from 2009/10 to 2010/11.

## Services to New Zealand Parole Board (M18)

### *Scope of Appropriation*

Provides for services to the New Zealand Parole Board relating to the provision of administrative, financial and secretariat services.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$850,000 to \$6.464 million for 2009/10. The change in appropriation is largely due to

- fiscally neutral adjustments to realign internal resources to ensure the delivery of the Department's outputs, and
- the forecast impact of the implementation of Kiwi Saver that requires subsidies and tax credits to be shown as departmental revenue, and employer contribution as expenditure.

## Part 6 - Details and Expected Results for Capital Expenditure

### Part 6.1 - Departmental Capital Expenditure

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

##### *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*

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	700	1,383	2,083
Property, Plant and Equipment	389,099	(133,631)	255,468
Intangibles	12,672	(2,094)	10,578
Other	-	-	-
<b>Total Appropriation</b>	<b>402,471</b>	<b>(134,342)</b>	<b>268,129</b>

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

The movement in capital expenditure relates to changes in the planned commencement/end dates of some capital projects. The Department made a capital transfer from 2009/10 to 2010/11 and 2011/12 for capital projects deferred to align with The Community Probation Services in New Zealand: Change Programme 2009-2012.