

# *Vote Corrections*

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

APPROPRIATION ADMINISTRATOR: Department of Corrections

RESPONSIBLE MINISTER FOR DEPARTMENT OF CORRECTIONS: Minister of Corrections

# Details of Appropriations and Capital Injections

## Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2016/17		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Re-offending is Reduced (M18)</b> This appropriation is limited to the provision of rehabilitation interventions and reintegration services to offenders serving custodial and community-based sentences that address the underlying causes of criminal offending and reduce re-offending.	182,187	8,681	190,868
<b>Total Departmental Output Expenses</b>	182,187	8,681	190,868
<b>Departmental Capital Expenditure</b>			
<b>Department of Corrections - Capital Expenditure PLA (M18)</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.	412,195	(89,101)	323,094
<b>Total Departmental Capital Expenditure</b>	412,195	(89,101)	323,094
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Policy Advice and Ministerial Services MCA (M18)</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.	2,687	945	3,632
<i>Departmental Output Expenses</i>			
<i>Ministerial Services</i> This category is limited to Department responses to ministerial correspondence and parliamentary questions.	1,041	944	1,985
<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.	1,646	1	1,647
<b>Public Safety is Improved MCA (M18)</b> The single overarching purpose of this appropriation is to manage offenders serving custodial and community-based sentences in a manner so as to improve the safety of offenders, staff, victims and the public.	1,167,910	(5,526)	1,162,384
<i>Departmental Output Expenses</i>			
<i>Information and administrative services to the judiciary and New Zealand Parole Board</i> 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.	59,196	(230)	58,966
<i>Prison-based Custodial Services</i> 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. This includes remand prisoners (people awaiting trial and offenders convicted but not yet sentenced), those offenders sentenced to imprisonment, and any other offenders required to be lawfully detained in custody.	899,610	(5,129)	894,481
<i>Sentences and orders served in the community</i> This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.	209,104	(167)	208,937
<b>Total Multi-Category Expenses and Capital Expenditure</b>	1,170,597	(4,581)	1,166,016
<b>Total Annual and Permanent Appropriations</b>	1,764,979	(85,001)	1,679,978

## Capital Injection Authorisations

	2016/17		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Department of Corrections - Capital Injection (M18)	1,654	20,346	22,000

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2016/17				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	182,187	8,681	-	8,681	190,868
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	-	-	-
Capital Expenditure	412,195	(89,101)	-	(89,101)	323,094
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	1,170,597	(4,581)	-	(4,581)	1,166,016
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	1,764,979	(85,001)	-	(85,001)	1,679,978
<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)

##### *Scope of Appropriation*

This appropriation is limited to the provision of rehabilitation interventions and reintegration services to offenders serving custodial and community-based sentences that address the underlying causes of criminal offending and reduce re-offending.

##### *Expenses and Revenue*

	2016/17		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	182,187	8,681	190,868
Revenue from the Crown	152,493	6,663	159,156
Revenue from Others	29,694	(5,935)	23,759

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

This appropriation increased by \$8.681 million to \$190.868 million for 2016/17 due to:

- \$10.140 million of new Justice Sector funding for interventions and rehabilitative activity including Enhanced Mental Health Support Services, This Way for Work and Stopping Drink Driving by Integrating Technology with Interventions
- \$2.210 million of expense transfers to 2016/17 mainly relating to the Out of Gate initiative
- \$1.774 million one-off funding for the de-recognition of Tongariro/Rangipo assets following Treaty settlement land sale on 30 June 2015
- \$1.070 million for the Proceeds of Criminal Funding initiative Methamphetamine Targeted Screening and Rehabilitation for Prisoners, and
- \$244,000 of forecasting adjustments relating to the secondment of staff to other Government Departments, partly offset by
- \$5.146 million of fiscally neutral adjustments to other appropriations to align the resource requirements with demand and activities, in particular cost pressures associated with the rising prison population, and
- \$1.611 million decrease in Capital Charge funding mainly reflecting a 2% rate reduction.

## 2.3 - Departmental Capital Expenditure and Capital Injections

### 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*

	2016/17		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	191,543	(79,308)	112,235
Intangibles	27,793	(9,793)	18,000
Other	192,859	-	192,859
<b>Total Appropriation</b>	<b>412,195</b>	<b>(89,101)</b>	<b>323,094</b>

#### *Reasons for Change in Appropriation*

The Department has revised its capital plan to reflect the impact of the Prison Capacity Programme increasing the available prison capacity to accommodate the rising prison population.

#### **Department of Corrections**

Details of Net Asset Schedule	2016/17 Main Estimates Projections \$000	2016/17 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2016/17
Opening Balance	2,432,616	2,349,980	Supplementary Estimates opening balance reflects the audited results as at 30 June 2016.
Capital Injections	1,654	22,000	Additional funding to increase prison capacity.
Capital Withdrawals	(72,000)	(5,600)	Variance mainly due to \$70 million being paid in 2015/16, earlier than planned due to surplus cash reserves, and the return of \$3.6 million surplus Justice Sector Funds to the Crown.
Surplus to be Retained (Deficit Incurred)	-	5,357	The 2016/17 forecasted surplus largely relates to the un-realised year to date fair value movement on the Departments interest rate swap entered into with NZDMO to manage risk relating to public private partnership transactions, partly offset by the de-recognition of Tongariro/Rangipo assets following Treaty settlement land sale on 30 June 2015.
Other Movements	-	-	
<b>Closing Balance</b>	<b>2,362,270</b>	<b>2,371,737</b>	

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

### Multi-Category Expenses and Capital Expenditure

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

##### *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*

	2016/17		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>2,687</b>	<b>945</b>	<b>3,632</b>
<b>Departmental Output Expenses</b>			
Ministerial Services	1,041	944	1,985
Policy Advice	1,646	1	1,647
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>2,687</b>	<b>944</b>	<b>3,631</b>
Ministerial Services	1,041	944	1,985
Policy Advice	1,646	-	1,646
<b>Revenue from Others</b>	<b>-</b>	<b>1</b>	<b>1</b>
Policy Advice	-	1	1

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

This appropriation increased by \$945,000 to \$3.632 million for 2016/17 mainly due to an increase in resources combined with higher volumes to provide responses to ministerial correspondence and parliamentary questions.

## Public Safety is Improved (M18)

### Overarching Purpose Statement

The single overarching purpose of this appropriation is to manage offenders serving custodial and community-based sentences 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. This includes remand prisoners (people awaiting trial and offenders convicted but not yet sentenced), those offenders sentenced to imprisonment, and any other offenders required to be lawfully detained in custody.

##### *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

	2016/17		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>1,167,910</b>	<b>(5,526)</b>	<b>1,162,384</b>
<b>Departmental Output Expenses</b>			
Information and administrative services to the judiciary and New Zealand Parole Board	59,196	(230)	58,966
Prison-based Custodial Services	899,610	(5,129)	894,481
Sentences and orders served in the community	209,104	(167)	208,937
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>1,164,716</b>	<b>(16,405)</b>	<b>1,148,311</b>
Information and administrative services to the judiciary and New Zealand Parole Board	59,196	(270)	58,926
Prison-based Custodial Services	896,416	(15,832)	880,584
Sentences and orders served in the community	209,104	(303)	208,801
<b>Revenue from Others</b>	<b>3,194</b>	<b>1,931</b>	<b>5,125</b>
Information and administrative services to the judiciary and New Zealand Parole Board	-	40	40
Prison-based Custodial Services	3,194	1,755	4,949
Sentences and orders served in the community	-	136	136



### *Reasons for Change in Appropriation*

This appropriation decreased by \$5.526 million to \$1,162.384 million for 2016/17 due to:

- \$34.540 million decrease in Capital Charge funding mainly reflecting a 2% rate reduction, largely offset by
  - \$8.948 million one-off funding for the de-recognition of Tongariro/Rangipo assets following Treaty settlement land sale on 30 June 2015
  - \$8.350 million funding for the impact of increased prisoner volumes
  - \$5.534 million of expense transfers to 2016/17 mainly relating to costs associated with transitioning the operation of Mount Eden Corrections Facility
  - \$4.202 million of net fiscally neutral adjustments to align the resource requirements with demand and activities, in particular cost pressures associated with the rising prison population, and
  - \$1.980 million of forecasting adjustments relating to the secondment of staff to other Government Departments as well as deployments to Samoa, Vanuatu and Pitcairn Island.