

# *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	2017/18		
	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.	201,545	<b>20,870</b>	222,415
<b>Total Departmental Output Expenses</b>	201,545	20,870	222,415
<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.	252,076	39,334	291,410
<b>Total Departmental Capital Expenditure</b>	252,076	39,334	291,410
<b>Non-Departmental Other Expenses</b>			
<b>Waikeria Corrections and Treatment Facility (M18)</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.	-	<b>7,500</b>	7,500
<b>Total Non-Departmental Other Expenses</b>	-	7,500	7,500
<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.	3,631	<b>915</b>	4,546
<b>Departmental Output Expenses</b>			
<b>Ministerial Services</b> This category is limited to Department responses to ministerial correspondence and parliamentary questions.	1,985	3	1,988
<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.	1,646	912	2,558

Titles and Scopes of Appropriations by Appropriation Type	2017/18		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Public Safety is Improved MCA (M18)</b>	1,216,552	<b>60,815</b>	1,277,367
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.			
<b>Departmental Output Expenses</b>			
<i>Information and administrative services to the judiciary and New Zealand Parole Board</i>	61,393	320	61,713
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>	937,872	56,515	994,387
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.			
<i>Sentences and orders served in the community</i>	217,287	3,980	221,267
This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.			
<b>Total Multi-Category Expenses and Capital Expenditure</b>	1,220,183	61,730	1,281,913
<b>Total Annual and Permanent Appropriations</b>	1,673,804	129,434	1,803,238

## Capital Injection Authorisations

	2017/18		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Department of Corrections - Capital Injection (M18)	64,900	17,000	81,900

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2017/18				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	201,545	20,870	-	20,870	222,415
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	7,500	7,500	7,500
Capital Expenditure	252,076	39,334	-	39,334	291,410
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	1,220,183	61,730	-	61,730	1,281,913
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	1,673,804	121,934	7,500	129,434	1,803,238
<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*

	2017/18		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	201,545	20,870	222,415
Revenue from the Crown	171,851	16,530	188,381
Revenue from Others	29,694	(809)	28,885

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

This appropriation increased by \$20.870 million to \$222.415 million for 2017/18 due to:

- an increase of \$1.752 million in funding relating to burglary prevention activity
- a transfer of \$2.557 million from 2016/17 to 2017/18 mainly relating to Enhanced Mental Health and Out of Gate Initiatives
- \$15.700 million relating to fiscally neutral adjustments for the following:
  - transfer of \$8.100 million from the Public Safety is Improved MCA to realign the resource requirements with demand and activities
  - transfer of \$5.200 million from the Public safety is Improved MCA to alleviate capacity pressures, and correct financial recommendations
  - an increase of \$2.400 million received in revenue other from canteen supply sales
- an increase of \$673,000 to reflect the increase capital charge and depreciation following the fair value adjustments to assets as at 30 June 2017, and
- \$188,000 funding mainly related to inter-departmental secondments.

## 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

	2017/18		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	219,038	(240)	218,798
Intangibles	18,000	742	18,742
Other	15,038	38,832	53,870
<b>Total Appropriation</b>	<b>252,076</b>	<b>39,334</b>	<b>291,410</b>

#### Reasons for Change in Appropriation

This appropriation increased by \$39.334 million to \$291.410 million due to the projected completion of the Public Private Partnership (PPP) project for Auckland East Corrections Facility.

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

##### Department of Corrections

Details of Net Asset Schedule	2017/18 Main Estimates Projections \$000	2017/18 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2017/18
Opening Balance	2,371,737	2,446,992	Supplementary Estimates opening balance reflects the audited results as at 30 June 2017.
Capital Injections	64,900	81,900	Additional funding to increase prison capacity and to put the public-private partnership (PPP) procurement process for the Waikeria Corrections and Treatment Facility into a state of managed delay.
Capital Withdrawals	-	(5,135)	The Capital withdrawal relates to capital to operating swap of \$5 million for Waikeria Treatment facility and \$135,000 return of surplus Justice sector funds to the Crown.
Surplus to be Retained (Deficit Incurred)	-	(19,449)	The forecasted loss largely relates to the un-realised year to date fair value movement on the Departments interest rate swap entered into with New Zealand Debt Management Office to manage the risk relating to public private partnership transactions.
Other Movements	-	-	
<b>Closing Balance</b>	<b>2,436,637</b>	<b>2,504,308</b>	

## Part 3 - Details of Non-Departmental Appropriations

### 3.4 - Non-Departmental Other Expenses

#### Waikeria Corrections and Treatment Facility (M18)

##### *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*

	2017/18		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	7,500	7,500

##### *What is Intended to be Achieved with the Appropriation*

This appropriation is intended to achieve safety and access improvements on the local road leading to Waikeria Corrections and treatment Facility and continuation of design of infrastructure improvements required to enable the development of the Waikeria Corrections and Treatment Facility.

##### *How Performance will be Assessed and End of year Reporting Requirements*

- completion of safety and access improvements on the local road leading to Waikeria Corrections and Treatment Facility
- continuation of design of infrastructure improvements required to enable the development of the Waikeria Corrections and Treatment Facility.

##### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Corrections in the Vote Corrections Non-Departmental Appropriations Report.

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

This appropriation increased by \$7.500 million to \$7.500 million to facilitate infrastructure improvements relating to the Waikeria Corrections and Treatment Facility and to provide safety and access improvements on the local road.

## 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*

	2017/18		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>3,631</b>	<b>915</b>	<b>4,546</b>
<b>Departmental Output Expenses</b>			
Ministerial Services	1,985	3	1,988
Policy Advice	1,646	912	2,558
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>3,631</b>	<b>910</b>	<b>4,541</b>
Ministerial Services	1,985	-	1,985
Policy Advice	1,646	910	2,556
<b>Revenue from Others</b>	<b>-</b>	<b>5</b>	<b>5</b>
Ministerial Services	-	3	3
Policy Advice	-	2	2



### *Reasons for Change in Appropriation*

This appropriation increased by \$915,000 to \$4.546 million due to:

- transfer of \$910,000 from Public Safety is Improved MCA to support higher resources, thereby reducing previous open vacancies, combined with higher provision of advice and support
- \$4,000 for Health and Safety Leadership programme
- \$1,000 for Inter-departmental secondments.

### **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*

	2017/18		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>1,216,552</b>	<b>60,815</b>	<b>1,277,367</b>
<b>Departmental Output Expenses</b>			
Information and administrative services to the judiciary and New Zealand Parole Board	61,393	320	61,713
Prison-based Custodial Services	937,872	56,515	994,387
Sentences and orders served in the community	217,287	3,980	221,267

	2017/18		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>1,213,358</b>	<b>58,109</b>	<b>1,271,467</b>
Information and administrative services to the judiciary and New Zealand Parole Board	61,393	174	61,567
Prison-based Custodial Services	934,678	54,392	989,070
Sentences and orders served in the community	217,287	3,543	220,830
<b>Revenue from Others</b>	<b>3,194</b>	<b>2,706</b>	<b>5,900</b>
Information and administrative services to the judiciary and New Zealand Parole Board	-	146	146
Prison-based Custodial Services	3,194	2,123	5,317
Sentences and orders served in the community	-	437	437

### *Reasons for Change in Appropriation*

This appropriation increased by \$60.815 million to \$1,277.367 million for 2017/18 due to:

- \$33 million in additional funding to enable the Department of Corrections to meet the costs of managing a growing prison population and to maintain the safety and security of the prison network
- \$16 million in new funding to enable Corrections comply with the Holidays Act 2003
- \$800,000 in new funding relating to the investment to support a more effective criminal justice system
- an increase of \$22.519 million for increased capital charge and depreciation following the fair value adjustments to assets as at 30 June 2017
- \$1.120 million relating to liquidated damages to offset the additional costs
- \$14.210 million decrease relating to fiscally neutral adjustments for the following:
  - transfer of \$9.010 million, mainly to the Re-offending is Reduced appropriation, to realign the resource requirements with demand and activities, and
  - transfer of \$5.200 million to Re-offending is Reduced appropriation to alleviate capacity pressures, and correct financial recommendations
- \$686,000 for the Inter-departmental secondments
- \$429,000 for the Health and Safety Functional Leadership programme
- \$219,000 Secondment to the Government of Pitcairn Islands
- \$200,000 for the Auckland Custody Unit Reimbursement
- \$52,000 Insurance claim for damage to roller doors.