

Vote Corrections

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	2021/22		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Re-offending is Reduced (M18) (A5) 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.	355,378	(2,312)	353,066
Total Departmental Output Expenses	355,378	(2,312)	353,066
Departmental Other Expenses			
Transfer of Three Waters Assets (M18) (A5) This appropriation is limited to expenses incurred in Corrections transferring Three Waters Assets to water service providers.	-	6,200	6,200
Total Departmental Other Expenses	-	6,200	6,200
Departmental Capital Expenditure			
Department of Corrections - Capital Expenditure PLA (M18) (A5) 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.	448,968	(12,540)	436,428
Total Departmental Capital Expenditure	448,968	(12,540)	436,428
Non-Departmental Other Expenses			
Waikeria Corrections and Treatment Facility (M18) (A5) 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.	1,000	-	1,000
Total Non-Departmental Other Expenses	1,000	-	1,000
Multi-Category Expenses and Capital Expenditure			
Policy Advice and Ministerial Services MCA (M18) (A5) 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.	4,861	1,950	6,811
<i>Departmental Output Expenses</i>			
<i>Ministerial Services</i> This category is limited to Department responses to ministerial correspondence and parliamentary questions.	2,305	-	2,305
<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.	2,556	1,950	4,506

Titles and Scopes of Appropriations by Appropriation Type	2021/22		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Public Safety is Improved MCA (M18) (A5)	1,468,408	107,289	1,575,697
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.			
Departmental Output Expenses			
<i>Information and administrative services to the judiciary and New Zealand Parole Board</i>	81,003	849	81,852
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>	1,107,536	104,290	1,211,826
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.			
<i>Sentences and orders served in the community</i>	279,869	2,150	282,019
This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.			
Total Multi-Category Expenses and Capital Expenditure	1,473,269	109,239	1,582,508
Total Annual Appropriations and Forecast Permanent Appropriations	2,278,615	100,587	2,379,202

Capital Injection Authorisations

	2021/22		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Department of Corrections - Capital Injection (M18) (A5)	69,495	2,982	72,477

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2021/22				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	355,378	(2,312)	-	(2,312)	353,066
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	1,000	6,200	-	6,200	7,200
Capital Expenditure	448,968	(12,540)	-	(12,540)	436,428
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	1,473,269	109,239	-	109,239	1,582,508
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	2,278,615	100,587	-	100,587	2,379,202
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	-	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

	2021/22		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	355,378	(2,312)	353,066
Revenue from the Crown	324,433	(2,340)	322,093
Revenue from Others	30,945	28	30,973

Reasons for Change in Appropriation

The appropriation decreased by \$2.312 million to \$353.066 million for 2021/22 due to:

- \$7 million funding transfer to Public Safety is Improved MCA to respond to COVID-19 activity levels
- \$1.950 million funding transfer to Policy Advice and Ministerial Services MCA to fund increased staff costs (\$1.200 million) and to fund costs related to one-off policy initiatives (\$750,000).

The decrease of \$8.950 million was largely offset by increases of:

- \$2.279 million funding for Corrections' remuneration and critical price and volumes cost pressures
- \$1.500 million relating to expense transfers from 2020/21 to 2021/22 relating to Proceeds of Crime Fund 2019 Round 2 and Preventing and Reducing Homelessness programmes
- \$1.052 million funding relating to tagged operating contingency drawdown for critical Three Waters infrastructure
- \$973,000 new capital charge funding to reflect the market revaluation of land and building assets and interest risk management liabilities
- \$566,000 adjustment relating to 2021/22 projects due to update in Crown accounting policy for the treatment of Software as a Service arrangements
- \$180,000 funding relating to tagged operating contingency drawdown for the Waikato Alcohol and Other Drug Treatment Court
- \$60,000 funding relating to tagged operating contingency drawdown for Waikeria critical infrastructure
- \$28,000 new funding relating to a decarbonisation pathway study with the Energy Efficiency Conservation Authority.

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.

Expenses

	2021/22		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	6,200	6,200

What is Intended to be Achieved with this Appropriation

This appropriation is intended to facilitate the transfer of Corrections' Three Waters Assets to water service providers.

How Performance will be Assessed and End of Year Reporting Requirements

Performance will be measured by the execution of the agreement relating to the transfer of Three Waters Assets at Auckland Prison to Watercare Services Limited.

End of Year Performance Reporting

Performance information for this appropriation will be reported by Corrections in its 2021/22 Annual Report.

Reasons for Change in Appropriation

This appropriation increased by \$6.200 million to \$6.200 million for 2021/22 as a new appropriation for the divesting of Corrections water assets at Auckland Prison to Watercare Services Limited.

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

	2021/22		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	395,268	(3,641)	391,627
Intangibles	53,700	(8,899)	44,801
Other	-	-	-
Total Appropriation	448,968	(12,540)	436,428

Reasons for Change in Appropriation

The appropriation decreased by \$12.540 million to \$436.428 million for 2021/22 due to:

- Property, plant and equipment decreased by \$3.641 million due to:
 - \$51.301 million decrease as a result of COVID-19 constraints which has impacted supply chain logistics, limited the availability of personnel to undertake work and access restrictions to worksites which affected planning and execution of the work resulting in projects being delayed
 - \$47.660 million increase as a result of work not completed in 2020/21 being carried forward for completion in 2021/22 and capital re-phasing for the delivery of the Waikeria Prison Development.
- Intangibles decreased by \$8.899 million due to:
 - \$18.875 million decrease due to the change in Crown accounting policy for the treatment of Software as a Service arrangements for 2021/22 projects
 - \$9.976 million increase as a result of work not completed in 2020/21 being carried forward for completion in 2021/22.

*Capital Injections and Movements in Departmental Net Assets***Department of Corrections**

Details of Net Asset Schedule	2021/22 Main Estimates Projections \$000	2021/22 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2021/22
Opening Balance	2,800,160	3,415,585	Supplementary Estimates opening balance reflects the audited results as at 30 June 2021.
Capital Injections	69,495	72,477	Relates to capital injection of \$50.300 million for Waikeria critical infrastructure contingency, \$1.610 million for Three Waters contingency drawdown, \$2.581 million for the Invercargill boiler project with Energy Efficiency and Conservation Authority, \$10.227 million for Waikeria public private partnership site construction, \$1.248 million for the retention of surplus for the profit on the sale of vehicle fleet, and \$676,000 for the purchase of 24 electric vehicles and the installation of charging infrastructure. These capital injections were largely offset by a capital injection transfer of \$63.660 million from 2021/22 to 2022/23 for Waikeria related injections.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	5,422	107,596	The 2021/22 forecasted gain relates to the unrealised year to date movement on the interest rate swaps entered into with New Zealand Debt Management Office to manage the risk relating to public private partnership transactions.
Other Movements	-	(34,947)	The negative \$34.947 million balance relates to retrospective accounting adjustment as a result of updated Crown accounting policy for the treatment of Software as a Service arrangements.
Closing Balance	2,875,077	3,560,711	

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.

Expenses, Revenue and Capital Expenditure

	2021/22		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,861	1,950	6,811
Departmental Output Expenses			
Ministerial Services	2,305	-	2,305
Policy Advice	2,556	1,950	4,506
Funding for Departmental Output Expenses			
Revenue from the Crown	4,861	1,950	6,811
Ministerial Services	2,305	-	2,305
Policy Advice	2,556	1,950	4,506

Reasons for Change in Appropriation

This appropriation increased by \$1.950 million to \$6.811 million for 2021/22 due to \$1.200 million funding transfer from Re-offending is Reduced appropriation to fund increased staff costs and \$750,000 to fund costs related to one-off policy initiatives.

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

	2021/22		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,468,408	107,289	1,575,697
Departmental Output Expenses			
Information and administrative services to the judiciary and New Zealand Parole Board	81,003	849	81,852
Prison-based Custodial Services	1,107,536	104,290	1,211,826
Sentences and orders served in the community	279,869	2,150	282,019
Funding for Departmental Output Expenses			
Revenue from the Crown	1,465,214	94,118	1,559,332
Information and administrative services to the judiciary and New Zealand Parole Board	81,003	849	81,852
Prison-based Custodial Services	1,104,342	91,119	1,195,461
Sentences and orders served in the community	279,869	2,150	282,019
Revenue from Others	3,194	13,171	16,365
Prison-based Custodial Services	3,194	13,171	16,365

Reasons for Change in Appropriation

This appropriation increased by \$107.289 million to \$1,575.697 million for 2021/22 due to:

- \$33.150 million new capital charge funding to reflect the market revaluation of land and building assets and interest risk management liabilities
- \$18.309 million adjustment relating to 2021/22 projects due to update in Crown accounting policy for the treatment of Software as a Service arrangements
- \$14.700 million relating to expense transfers from 2020/21 to 2021/22 mainly relating to Prison Capacity Modular programme (\$9 million) and the transfer of assets to Watercare under Corrections Three Waters Reform programme (\$5.700 million)
- \$14.350 million funding relating to the drawdown of wage pressures contingency
- \$11.620 million funding relating to Corrections' remuneration and critical price and volumes cost pressures
- \$9.476 million funding relating to tagged operating contingency drawdown of critical Three Waters infrastructure
- \$7.365 million funding retention of surplus relating to Auckland South Corrections Facility Public Private Partnership to assist Corrections mitigate cost pressures on 2021/22 baseline
- \$7 million funding transfer from Re-offending is Reduced appropriation to fund COVID-19 cost pressures recognised within Public Safety is Improved MCA
- \$4.900 million funding relating to projected business continuity expenditure for 2021/22
- \$1.940 million funding relating to Waikeria critical infrastructure operating contingency drawdown
- \$630,000 new funding relating to the recovery of COVID-19 vaccination reimbursements from the Ministry of Health
- \$248,000 relating to funding transfer from Energy Efficiency Conservation Authority from the State Sector Decarbonisation Fund for the Invercargill Boiler project
- \$28,000 new funding relating to decarbonisation pathway study with Energy Efficiency Conservation Authority.

The increase of \$123.716 million was partly offset by:

- \$10.227 million baseline transfer to capital injection to provide for the capitalisation of borrowing costs for Waikeria Corrections and Treatment Facility Public Private Partnership
- \$6.200 million transfer of funding to new appropriation Transfer of Three Waters Assets for the divesting of Corrections' water assets at Auckland Prison to Watercare Services Limited.