



# Cabinet Government Administration and Expenditure Review Committee

## Minute of Decision

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### Waters Infrastructure Programme Tranche 2A: Detailed Business Case

Portfolio                      Corrections

On 17 August 2023, the Cabinet Government Administration and Expenditure Review Committee:

1        **noted** that:

1.1     in August 2021, GOV endorsed the Department of Corrections' (Corrections)

3 Waters Programme Business Case (PBC) <sup>9(2)(f)(iv)</sup>

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[GOV-21-MIN-0026];

1.2     the recommended programme option of the 2021 PBC, 'Proactive Stewardship', consisted of 1,237 interventions, delivered over a 16-year period, and multiple tranches, with a total indicative financial cost, including inflationary pressures, of \$316.88 million capital and \$168.67 million operating;

2        **noted** that Tranche 1 of the Waters Infrastructure Programme was undertaken following Cabinet's approval above, with efforts focused on coordinated investigations to confirm the interventions required to 3 waters assets at Corrections' custodial sites;

3        **noted** that the analysis of the findings of Tranche 1 of the Waters Infrastructure Programme have informed the Tranche 2A Detailed Business Case;

4        **noted** that the Tranche 2A Detailed Business Case, attached under GOV-23-SUB-0040, validates the assessments of the 2021 PBC, determining the preferred programme option of the PBC remains valid, and proposes the next tranche of investments;

5        **noted** that the Tranche 2A Detailed Business Case recommends a multi-project investment programme comprising 240 individual interventions across eight prison sites, reducing the assessed risk profile for waters infrastructure across these sites from 'high' to 'medium-low';

6 noted that:

6.1 in Budget 2023, Cabinet:

6.1.1 approved the Waters Infrastructure Programme – Phase 2 tagged capital and operating contingencies in the Corrections portfolio of up to the following amounts:

\$M Increase / Decrease					
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Tagged Capital Contingency	-	12.160	18.480	11.520	13.840
Tagged Operating Contingency	-	4.480	4.880	4.640	4.720
Total		16.640	22.360	16.160	18.560

6.1.2 authorised the Minister of Corrections and Minister of Finance (joint Ministers) to agree the work needed or other conditions that need to be satisfied for contingency drawn down, and whether the draw down requires Cabinet or joint Minister approval;

[CAB-23-MIN-0139]

6.2 joint Ministers agreed that they would approve draw down of the tagged contingencies in recommendations 6.1 above, subject to:

6.2.1 a Detailed Business Case being provided to Cabinet; and

6.2.2 their satisfaction with the Implementation Business Case for Tranche 2A of the Waters Infrastructure Programme;

7 noted that the funding provided in Budget 2023 was scaled and is not sufficient to implement the full recommended option of the Tranche 2A Detailed Business Case;

8 noted that work to be undertaken during Tranche 2A forms part of a larger rolling programme considering many assets across multiple sites over many years, and allows flexibility in scheduling of works to fit within scaled funding that is consistent with the management and delivery of other Corrections initiatives, and it is therefore proposed that the tagged contingency funding is drawn down in full and managed through Corrections internal approval processes;

9 agreed that Corrections implement the scheduled programme option “3A – Proactive Stewardship (sequenced)” for Tranche 2A following engagement with the Managing Contractor and design being undertaken, to be delivered <sup>9(2)(b)(ii)</sup> and with outstanding interventions <sup>9(2)(b)(ii)</sup>

- 10 **directed** Corrections to report back to joint Ministers in March 2024 with the substance of an implementation business case, demonstrating that Tranche 2A will be delivered within the allocated funding;
- 11 **agreed** that, as the Tranche 1 investigative work and the Detailed Business Case required by paragraph 6.2.1 above have been completed and it is considered appropriate the tagged contingency funding is drawn down at this point, Tranche 2A of the Waters Infrastructure Programme can now proceed;
- 12 **approved** the following changes to appropriations to provide for the decision in paragraph 11 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Corrections Minister of Corrections Departmental Output Expense: Re-offending is Reduced (funded by revenue Crown)	0.448	0.488	0.464	0.472	0.472
Capital Injections: Department of Corrections Departmental capital injection	12.160	18.480	11.520	13.840	-
Multi-Category Expenses and Capital Expenditure: Public Safety is Improved (MCA) <i>Departmental Output Expenses:</i> Prison-based Custodial Services (funded by revenue Crown)	4.032	4.392	4.176	4.248	4.248
Total Operating	4.480	4.880	4.640	4.720	4.720
Total Capital	12.160	18.480	11.520	13.840	-

- 13 **agreed** that the changes to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 14 **agreed** that the expenses incurred under paragraph 12 above be charged against the *Waters Infrastructure Programme – Tagged Operating and Capital Contingencies*;
- 15 **noted** that following the adjustments in paragraph 14, the tagged operating and capital contingencies will be exhausted and therefore closed;
- 16 **endorsed** the Waters Infrastructure Programme Tranche 2A Detailed Business Case attached under GOV-23-SUB-0040;
- 17 **authorised** the Chief Executive of Corrections to approve the expenditure of the funding approved above.

Vivien Meek  
Committee Secretary

Attendance (see over)

**Present:**

Hon Kelvin Davis  
Hon Grant Robertson (Chair)  
Hon Andrew Little  
Hon Ginny Andersen  
Hon Dr Duncan Webb  
Hon Dr Deborah Russell

**Officials present from:**

Office of the Prime Minister  
Officials Committee for GOV