Department of Corrections

High Security Capacity

Programme Business Case

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I. Foreword

Jeremy Lightfoot
Chief Executive

This High Security Capacity Programme Business Case outlines necessary High Security investments identified in the Long-Term Network Configuration Plan over the next twenty years. It also focuses on the need for urgent high security capacity investment in response to a rapidly rising prison population and more immediate capacity challenges currently being faced by the Department of Corrections: Ara Poutama Aotearoa. This Programme Business Case uses the Investment Pathway Framework to identify a critical investment pathway for High Security capacity over the next twenty years.

Long-term investment in our Prison Network supports Corrections' three organisational outcomes; to improve public safety, reduce reoffending, and reduce the overrepresentation of Māori. It also supports the Government's and infrastructure sectors calls for more effective long-term planning and improved management of infrastructure and existing assets by agencies. The Long-Term Network Configuration Plan, endorsed by Cabinet in October 2024, outlines a 20-year plan for investment in the Prison Network and identified high security capacity as the priority.

The Long-Term Network Configuration Plan charts the course for a safer and more fit-for-purpose network that will enable us to meet the needs of a growing, more dynamic, and complex prison population, while making prudent financial choices. At its heart is the Future Prison Network Framework which enables us to drive decisions about prison infrastructure from a whole-of-network view. Its delivery is dependent on future budget decisions and related considerations alongside Government priorities.

Since the long-term plan was endorsed, the High Security capacity situation has changed. Existing pressures in High Security capacity, combined with projected population growth, means demand for High Security capacity continues to increase and more urgent investment is needed. The prison population has grown by around 1,000 per year in the last couple of years, and in the eight months since the long-term plan was endorsed it has increased by more than 800. Over 70 percent of that growth is in the remand or High Security sentenced population.

New High Security capacity at Waikeria Prison will open in Quarter 3, 2025, followed by more High Security capacity at Christchurch Men's Prison and Waikeria Prison by the end of 2029. However, there is likely to be a period between 2027 and 2029 where capacity will need to be added at pace to ensure there are enough beds to meet demand.

Corrections is currently working to increase capacity through the optimisation of our existing assets. In addition, the Accelerated Capacity Project has been established to ensure there is enough capacity to cover the expected population demands between 2027 and 2029.

We recognise that rapidly increasing capacity over the next 18 months will require balancing different priorities in the investment pipeline. There is however a critical need to mitigate the risks associated with limited capacity as much as possible, including reduced prisoner and staff safety, overwhelmed Facilities Maintenance capabilities, and reduced ability to meet broader outcomes like rehabilitation of prisoners. A deep understanding of the trade-offs between priorities will be sought and impacts will be carefully managed.

Ongoing long-term investment planning remains essential to ensure Corrections has the right infrastructure in the right locations to meet the specific needs of people in prison. This Programme of work will enable Corrections to provide environments that support stronger rehabilitation and reintegration outcomes for those we manage, where our staff, service providers, and partners are safe and have the tools they need to do their work. Our ability to deliver on this goal is underpinned by the quality of our facilities and infrastructure – a critical enabler for success.

The High Security Capacity Programme Business Case provides a flexible investment plan that enables and supports what we ultimately aim to achieve as a Department: timely access to justice, making the community safer, by supporting people to leave us better and with brighter prospects. It acknowledges the immediate and more critical challenges we must navigate whilst maintaining a focus on long-term investment in the Prison Network.

II. Contents

III. Glossary

Term	Definition
ACP	*Accelerated Capacity Project*
ACRP	*Auckland Central Remand Prison*
AM	*Asset Management*
AMP	*Approved Major Projects*
AMPMO	*Asset Management Portfolio Management Office*
ARWCF	*Auckland Region Women's Corrections Facility*
ASCF	*Auckland South Corrections Facility*
Beds, total	*Physical beds built*
CAPEX	*Capital Expenditure*
CMP	*Christchurch Men's Prison*
CMP RP	*Christchurch Men's Prison Redevelopment Programme*
CSF	*Critical Success Factors*
CWA	*Collaborative Working Arrangement*
CWP	*Christchurch Women's Prison*
Day-to-day beds	*Number of beds provided by an X-wing under previous policy assumptions.*
Corrections	*Department of Corrections: Ara Poutama Aotearoa*
DBFM	*Design, Build, Finance, Maintain*
DBFMO	*Design, Build, Finance, Maintain, Operate*
DCE	*Deputy Chief Executive*
D&B	*Design and Build*
EPMO	*Enterprise Portfolio Management Office*
ERM	*Enterprise-Risk Management*
ESS	*Electronic Security Services*
FIC	*Finance & Investment Committee*
FM	*Facilities Maintenance*
FMP	*Future Major Projects*
Hōkai Rangi	*2019-2024 Strategic Direction*
HSC	*High Security Capacity*
HBRP	*Hawke's Bay Regional Prison*

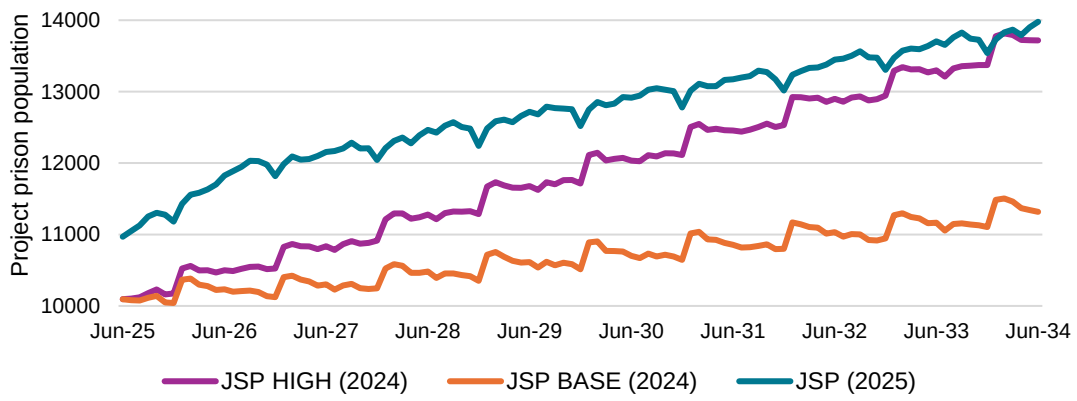
Term	Definition
ILM	*Investment Logic Mapping*
LTNCP	*Long Term Network Configuration Plan*
MECF	*Mount Eden Corrections Facility*
MPPGC	*Major Projects Portfolio Group Committee*
MSP	*Managing Successful Programmes*
NIFFCo	*National Infrastructure Funding and Financing Limited*
NRCF	*Northern Region Corrections Facility*
OEA	*Optimising Existing Assets*
OCF	*Otago Corrections Facility*
OPEX	*Operating Expenditure*
OSM	*Off-site Manufacturing*
Pae Ora	*Healthy Future Strategies*
PBC	*Programme Business Case*
Poor quality beds	*Both beds with bed asset condition and not fit-for-purpose*
PMP	*Project Management Plan*
PPP	*Public Private Partnership*
PWF	*Preferred Way Forward*
QIR	*Quarterly Investment Reporting*
Resilience Beds	*Used to manage capacity pressures.*
RMA	*Resource Management Act*
RMT2	*Remand Management Tool*
RPA	*Risk Profile Assessment*
SAMP	*Strategic Asset Management Plan*
SHCF	*Spring Hill Corrections Facility*
SRO	*Senior Responsible Owner*
SSBC	*Single Stage Business Case*
The Programme	*High Security Capacity Programme*
WOLC	*Whole of Life Costs*

V. Introduction

The Department of Corrections: Ara Poutama Aotearoa Long-Term Network Configuration Plan (LTNCP), supported by Cabinet in October 2024 [EXP-24-MIN-0055 refers], sets out a 20-year strategic vision for a modern, resilient, and fit-for-purpose Prison Network. The LTNCP is designed to meet the needs of a growing and increasingly complex prison population, while supporting Corrections' core outcomes: improving public safety, reducing reoffending, and addressing the overrepresentation of Māori in the justice system. The Plan outlines a network-wide approach centred on Strategic Nodes, key sites that enable scalable, high-quality infrastructure development across the country. High Security capacity has been identified as the most pressing investment priority within the LTNCP, due to a significant capacity deficit and growing demand for High Security beds.

The Cabinet endorsed all recommendations in the LTNCP Cabinet paper, including a directive for the Minister of Corrections to return to Cabinet in 2025 with a Programme Business Case for High Security investment in Strategic Nodes, followed by Single Stage Business Cases (SSBCs) for individual investments within the Programme, with Auckland Prison and Hawke's Bay Regional Prison as the first two sites. Since this endorsement, the prison population has grown faster than anticipated, creating more urgent capacity challenges:

Figure 1: Ten-year JSP Base & High Projections



This High Security Capacity (HSC) Programme Business Case (PBC) serves as a unifying framework for all High Security capacity investments identified in the LTNCP, including those already underway. It also introduces a new initiative, the Accelerated Capacity Project (ACP), which has been established to facilitate more urgent investment in the men's network to manage the acute shortfall which may eventuate between 2027 and 2029. The ACP is a critical component of this PBC, and it reflects the need for agility within the broader investment strategy and ensures Corrections can continue to meet its statutory obligations without compromising safety, service quality, or long-term infrastructure goals.

The LTNCP is designed to be flexible and responsive to ongoing changes. This approach flows through into this PBC, which assumes population projections (generated externally by the Ministry of Justice) are responded to with capacity management and additions – rather than demand levers.

VI. Executive Summary

This HSC PBC outlines the Department of Corrections: Ara Poutama Aotearoa (Corrections) strategic response to growing demand for High Security prison capacity across the Prison Network. Corrections must meet its obligations under the Corrections Act 2004, Section 5 (1) including, 'ensuring that the community-based sentences, sentences of home detention, and custodial sentences and related orders that are imposed by the courts and the New Zealand Parole Board are administered in a safe, secure, humane, and effective manner'. To fulfil these obligations, Corrections must have sufficient capacity to meet both current and future demand in the men's and women's networks. With the population increasing rapidly and the potential for an acute capacity shortfall in the short-term, Corrections is having to consider a range of investment interventions across the short-, medium- and long-term.

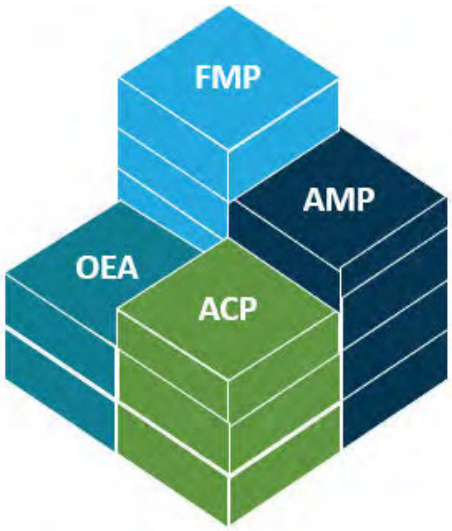
An integrated approach is needed to optimise existing assets and carry out targeted investment over the next five years, while maintaining the strategic approach outlined in the LTNCP over the next 20 years. This PBC introduces the 'Investment Pathway Framework' which presents a portfolio of solutions, and recommends an integrated approach to the four investment types within the Framework to respond to both immediate and future High Security population demand, create network resilience and adaptability, and systematically address poor quality in the Prison Network over the next 20 years:

A. **Optimising Existing Assets** – rapid, low-cost interventions to bring underutilised or closed capacity back online, accepting short-term compromises in quality and resilience.

B. **Accelerated Capacity Project** – targeted investment in High Security capacity in the short term to deliver solutions to partially mitigate the potential capacity gap from the end of 2026 to 2029, bridging the shortfall before major projects come online.

C. **Approved Major Projects** – In-flight developments such as Waikeria Phase 2 and the Christchurch Men's Prison Redevelopment Programme (CMP RP) which are central to the LTNCP and provide scalable, high-quality capacity 9(2)(g)(i) [redacted]

Figure 2: Investment Pathway Framework



D. **Future Major Projects** – Long-term investments in Strategic Nodes, including Auckland Prison and Hawke's Bay Regional Prison, designed to replace poor quality infrastructure and meet projected demand through to 2045.

This PBC applies the Framework to the context and problem definition and recommends:

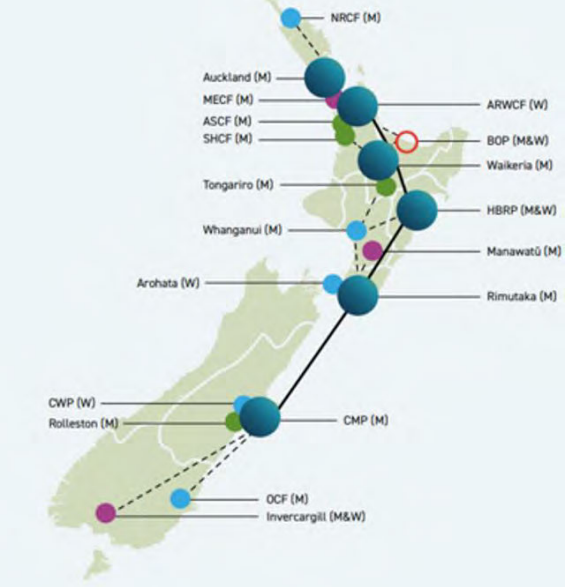
- **Optimising Existing Assets** – Continue delivering all possible optimising of existing assets in the short term, via internal processes and funding.
- **Accelerated Capacity Project** – Complete analysis and cost estimates associated with this potential investment and submit a SSBC to Cabinet by August 2025, targeting the delivery of two units at one site in service for 2027.
- **Approved Major Projects** – Continue implementation of in-train programmes, 9(2)(g)(i) [redacted]

- **Future Major Projects** – Prioritise longer-term strategic investment as set out in the LTNCP, in particular planning for redevelopments at Auckland Prison and Hawke's Bay Regional Prison as the next two "cabs off the rank", through developing SSBCs for both sites.

Strategic Case

Over the next 20 years, based on 2025 Justice Sector Projections (JSP) extrapolated to 2045, Corrections will need at least 5,000 new High Security beds to address demand and poor quality. The LTNCP sets out Corrections' plan for addressing this over the next 20 years.

Figure 3: Strategic Nodes



The LTNCP is anchored by the Future Prison Network Framework, which prioritises investment opportunities based on need and ensures decisions are made from a whole-of-network perspective, noting the importance of being responsive to both the men's and women's network. Within this Framework, Corrections identified Strategic Nodes – sites prioritised to provide key functions and support services which cater to population growth (the larger blue circles shown in Figure 3. The first stages of investment in Strategic Nodes have already commenced, with the expansion of the Waikeria Prison Redevelopment and the approval to progress the CMP RP Phase 1.

Since the LTNCP was developed, there have been changes to context**,** especially sharp rises in overall population. The LTNCP used the 2024 JSP but actual population growth has exceeded this, as reflected in the 2025 JSP. The capacity, quality, fit-for-purpose, and resilience issues the LTNCP outlined still need to be addressed. In addition, there is a more urgent and immediate capacity challenge with an increasing High Security population forecast, potentially leading to an acute capacity gap from early as 2027.

Corrections is leveraging every opportunity to increase capacity through optimising its existing facilities, bringing old facilities back onto capacity and looking to accelerate in-flight projects. 9(2)(g)(i) [redacted] However, even with those mitigations, it is expected Corrections will need at least 300 to 400 additional beds between the 2027 to 2029 (when Approved Major Projects: Waikeria Phase 2 and CMP Phase 1 come on-line) to safely meet demand and statutory obligations and maintain minimum acceptable services.

If population demand continues its current upward trend, without investment, the Prison Network will become critically overstretched. This will significantly heighten the risk of (a) unsafe and volatile environments for staff and people in prison, leading to higher chances of fatigue and unrest events, (b) severely compromised rehabilitation outcomes, (c) disruption and displacement of people in prison due to a high volume of movement across the network, and (d) ultimately, a potential failure of Corrections to meet its statutory obligations, potentially resulting in long term societal harm.

A concerted, integrated effort is needed to mitigate the risk of the potential acute capacity gap until 2030 while responding to future High Security population demand, creating network resilience and adaptability, and systematically addressing poor quality in the Prison Network so that Corrections can continue to meet its statutory obligations. This PBC outlines a High Security Capacity

Programme (the Programme) for addressing High Security capacity in the Prison Network, including the sequencing and organisation of that effort, and trade-offs that will need to be considered.

Economic Case

The Economic Case is based on the following key assumptions:

1. Infrastructure shortages and deficits are driven by sustained prison population growth and the presence of poor-quality beds (over 1,300 of which are High Security), and existing facilities. The High Security aspect to this response (which this PBC centres on) will be addressed through a phased increase in high-quality, fit-for-purpose High Security capacity aligned with the LTNCP – noting there are different options, timeframes, and requirements across the men's and women's networks.
2. The LTNCP, as agreed by Cabinet, will *inform all future significant capital investment in the Prison Network*.
3. Given fiscal constraints and strategic preference for high-quality, long-term infrastructure, the Programme will leverage all available investment options as set out in the Investment Pathway Framework to balance short term need with long term strategic planning.

These assumptions drive the Investment Objectives (IOs) of the Programme:

IO1	Capacity interventions to meet immediate population demands across the High Security network
IO2	Maximise alignment between investments and the strategic direction set by the LTNCP
IO3	Respond to population demand and poor quality over the long-term, and create network resilience
IO4	Create adaptability and resilience to population demand uncertainty

The investment types available, as defined by the Investment Pathway Framework and illustrated in Figure 2 above, informed the options in this PBC (made up of combinations of investment types). These options were then assessed against the IOs:

Table 1: Options assessment

	IO1	IO2	IO3	IO4
Option 1 – Do minimum: Only 'Optimising Existing Assets' and 'Approved Major Projects'				
Option 2 – Only do: 'Optimising Existing Assets', 'Approved Major Projects' and 'ACP'				
Option 3 – Only do: 'Optimising Existing Assets', 'Approved Major Projects' and 'Future Major Projects'				
Option 4 – Targeted progression of all intervention types with refined sequencing				
Option 5 – Progress all intervention types, no sequencing changes				

This assessment identified that Corrections needs to leverage all intervention types (Options 4 and 5) to address High Security capacity challenges over the next 20 years. In the long-term, Future Major Projects as outlined in the LTNCP provide better outcomes in terms of strategic priority alignment. However, they require more time for delivery. There are also fiscal constraints to consider. As such, the Preferred Way Forward is Option 4 "Targeted progression of all intervention types with refined sequencing". This pathway allows Corrections to balance prioritising immediate action on Optimising Existing Assets and Accelerated Capacity Project investments, with continuing to plan for Future Major Projects and progressing implementation of

Approved Major Projects. 9(2)(g)(i) [redacted] Short-term, operational measures will also be explored as alternatives to building new capacity where they offer a viable alternative.

The Preferred Way Forward will include as planning assumptions, (detailed further in the Economic Case) the following:

- 9(2)(g)(i) [redacted].
- Accelerating understanding of potential solutions at Auckland Prison and Hawke's Bay Regional Prison, including longer term quality capacity responses for both men and women, in anticipation of the next two single stage business cases.

Commercial Case

Corrections has experience in delivering a range of commercial approaches successfully. It is the Government's most experienced procurer of social infrastructure via Public Private Partnership (PPP) models, has employed more traditional methods, as well as off-site production methods, where there was a case for it.

This portfolio of High Security works will need to balance individual project considerations and the opportunities a co-ordinated approach could bring. The specific project and programme focusses are below:

- **Optimising Existing Assets** and **Accelerated Capacity Project**: Delivering capacity solutions at pace.
- **Approved Major Projects**: Managing complexity associated with the potential staged delivery of the CMP RP Phases 1 and 2 9(2)(g)(i) [redacted]
- **Future Major Projects**: Encouraging innovation, minimising risk, and optimising whole of life cost.

Across the Programme, there is significant opportunity to achieve efficiencies and better co-ordinate intelligence sharing – for example, through Modern Methods of Construction (MMC), which could be embedded more holistically as more projects and programmes come online. MMC refers to innovative building techniques such as modular construction and off-site prefabrication. These aim to improve the efficiency, quality, and sustainability in construction processes.

Financial Case

This PBC signals potential capital and operating cost investments across 20 years:

Capital	24/25 - 29/30	30/31 - 34/35	35/36 - 39/40	40/41 - 44/45	Total
Approved	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii) [redacted]				
ACP (provisional cost)					
CMP Phase 2					
FMP Near Term/Tranche 1					
FMP Longer Term/Tranche 2					
Sub-total Capital					
Less self-funded					
Less Approved (incl. self-funding)					

Total external Capital to be sought	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)

OPEX ($m)	Treasury Forecast Period (25/26 to 29/30)	Out-year Project Opex (one-off during Delivery)	Ongoing Opex (per annum) at the end of 20 years
Approved	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)		
ACP (provisional cost)			
CMP Phase 2*			
FMP Near Term/Tranche 1			
FMP Longer Term/Tranche 2			
Total			
Less self-funded			
Less Approved (incl. self-funding)			
Total external Operating to be sought			

Each subsequent business case will consider the prioritisation of internal funding. Additional funding is anticipated to be sought through future Budget processes, in competition with other priorities.

Management Case

The next significant step following this PBC is the development of the first HSC SSBC, to be focused on the ACP. An SSBC is considered appropriate due to:

- This PBC already articulating much of the rationale associated with scope that may be considered via a two-stage process.
- Corrections' experience in developing and delivering projects of this nature and the strong governance processes in place.

The similarities in planning and delivering High Security capacity infrastructure. The Programme as a collective will continue the mixture of delivery and planning required to achieve its objectives and support the critical path associated with delivering sufficient High Security capacity. The next steps to achieve this are:

- **Optimising Existing Assets** (dependency)
  - Continue delivering via internal Corrections project management processes and internal funding to deliver immediate responses.
- **Accelerated Capacity Project**
  - Complete analysis and cost estimates associated with this potential investment and submit an SSBC to Cabinet by August 2025, targeting two units at one site by the end of 2026.
- **Approved Major Project**
  - 9(2)(g)(i) [redacted]
  - [redacted]
- **Future Major Projects**

- Undertake further work to accelerate the understanding of development pathways and potential solutions at Auckland Prison and Hawke's Bay Regional Prison, including longer term quality capacity responses for both men and women, in anticipation of the next two single stage business cases.
- Support the Auckland Prison Fast Track Approvals Act (FTAA) designation amendment process.
- Develop approaches to Youth and Women's cohorts so infrastructure investment planning is informed by their needs.

1 Strategic Case

This Strategic Case examines capacity issues associated with growth in demand, an increasingly complex prison population, quality and fitness for purpose, and a lack of resilience across the men's and women's Prison Networks. To address these challenges, High Security capacity investment is required.

The Long-Term Network Configuration Plan (LTNCP) was agreed by Cabinet in October 2024 [EXP-24-MIN-0055 refers] and defines a 20-year investment pathway to address anticipated growth in the prison population and quality issues within the existing Prison Network. Cabinet agreed that the LTNCP will inform all future significant capital investment in the Prison Network. The LTNCP is a planning tool which anchors investment planning even though forecasting is inherently difficult. It recognises there is inherent uncertainty in prison population projections. The LTNCP provides a flexible, considered basis for investment planning.

Since the LTNCP was endorsed, actual population volumes have been much higher than forecast, leading to a higher projected long term capacity deficit, and potentially an acute capacity gap to address. By 2027 it is likely that another 300 to 400 beds (on top of additions already approved or underway) will be needed to avoid severe shortages.

More broadly, these increases have largely been driven by increases in populations that would ordinarily be held in High Security environments. These cohorts (such as remandees and High Security sentenced prisoners) have increasingly complex and differing requirements, complicating the services and operational environment of High Security units, and intensifying the need for fit-for-purpose facilities.

This PBC introduces the Investment Pathway Framework. It is a coordinated approach to ensuring population demands meet the various timeframes of increases to capacity, while continuing to work to the LTNCP – addressing immediate capacity and longer-term capacity and quality issues and ultimately supporting Corrections to achieve its organisational goals.

1.1 Strategic Context

1.1.1 Organisation Overview

The Department of Corrections is the organisation within the Justice Sector that administers prisons and community sentences and orders. Corrections purpose, stated in section 5 of the Corrections Act 2004, is to improve public safety and contribute to the maintenance of a just society by:

- ensuring that the community-based sentences, sentences of home detention, and custodial sentences and related orders that are imposed by the courts and the New Zealand Parole Board are administered in a safe, secure, humane, and effective manner.
- providing for corrections facilities to be operated in accordance with rules set out in this Act and regulations made under this Act that are based, amongst other matters, on the United Nations Standard Minimum Rules for the Treatment of Prisoners.
- assisting in the rehabilitation of offenders and their reintegration into the community, where appropriate, and so far, as is reasonable and practicable in the circumstances and within the resources available, through the provision of programmes and other interventions.

- providing information to the courts and the New Zealand Parole Board to assist them in decision making.

Corrections is responsible for 18 prisons across New Zealand (15 for men and three for women) for people who have either been sentenced to a term of imprisonment or have been remanded in custody while they wait for their case to be heard.

To ensure all New Zealanders feel safe in their communities, two of the Government's nine delivery targets are focused on restoring law and order. Corrections is working alongside other Justice Sector agencies to achieve delivery target 4 which aims to ensure 20,000 fewer people are victims of an assault, robbery, or sexual assault by 2029.Corrections does not have primary responsibility or influence over the key drivers of demand for its services (such as bail, sentencing, and parole policy and practice).

1.1.2 Contributions to existing strategies and initiatives

Key strategies and initiatives that infrastructure investment in High Security capacity across New Zealand's Prison Network will enable are provided in Table 2Table 2. Ultimately, Corrections' core obligation in delivering custodial services is underpinned and supported by a Prison Network with sufficient fit-for-purpose capacity.

Table 2: Alignment to existing strategies and initiatives

Strategy	Alignment
Ministerial priorities	Proposed investments in the High Security Capacity Programme align to and support the Government's priorities relating to restoring law and order. They also directly support the four priority areas for Corrections outlined by the Minister of Corrections (increasing prison capacity, ensure staffing levels remain proportional to the prison population, improve staff safety, and reducing reoffending through effective rehabilitation). To provide sufficient capacity, Corrections has a legislated requirement to provide enough beds for population projections/demand. Moreover, investment in high quality, fit-for-purpose infrastructure enable greater outcomes such as access to justice, rehabilitation and reintegration interventions, and supports access to justice, including through remote participation and timely justice.
Cabinet Circular CO (23) (9)	The Programme aligns to the requirements under CO (23) (9), giving effect to Cabinet's intention to make the best investment choices for current and future generations, ensure there is active stewardship of government resources, and maintain a strong alignment between individual investments and the Government's long-term priorities. Corrections' 20-year view of proposed infrastructure investment supports the need to identify an investment pipeline. It plans for both current and future generations by considering both immediate and future need for HSC within the Prison Network. It also aligns to the Infrastructure Commission's advocacy for more effective long-term planning and improved management of infrastructure and existing assets.
Hōkai Rangi	Hōkai Rangi is Corrections' organisational strategy, which highlights the organisations' purpose – *We make the community safer, by supporting people to leave us better and with brighter prospects.* It outlines Corrections' commitment to improve public safety, reduce reoffending, and reduce Māori overrepresentation.

Strategy	Alignment
	This PBC outlines the required infrastructure to enable this vision.
Organisational Roadmap	The Organisational Roadmap has five focus areas and shows Corrections' direction of travel for Hōkai Rangi. How this PBC relates to the appropriate focus areas is outlined as follows: • Purpose and performance – having a greater understanding of the 'why' and how to impact performance and deliver outcomes, pathways, and services. • Leadership, capability and culture – signalling the development of programme governance and team structures that enable a connected programme response. • Pathways and services – developing infrastructure that supports and enables better rehabilitative and reintegrative services, network health, and capacity. • Organisational resilience – by assessing requirements across different time horizons, the PBC will encourage decision-making that provides value-for-money and improves the efficiency of baseline funding.
Strategic Asset Management Plan	Correction's Strategic Asset Management Plan (SAMP) provides guidance on how to implement asset management practices. It describes how Corrections should manage its assets and how infrastructure planning can be developed consistently (this includes how existing assets need to and are performing in terms of condition, utilisation, and functionality). The SAMP both informs and will be influenced by this PBC.
Auckland Prison Capacity Uplift	The Auckland Prison HSC investment proposed in this PBC is supported by the FTAA process to amend Auckland Prison's designation to allow the required increase in the maximum number of prisoners that can be accommodated at the prison.

1.2 Stakeholder engagement

Key stakeholders with an interest in the anticipated outcomes or the ability to influence this investment proposal were engaged during the development of this PBC, as outlined in Table 3.

To support this work, Corrections established a cross-functional Working Group comprising representatives from Custodial, Prison Capacity Planning, Finance, Pae Ora (health and rehabilitation), Network Options / FastTrack, and Public Private Partnership (PPP) Contract Management. This group participated in key workshops throughout the process.

Table 3: Key stakeholders

Internal Stakeholders	External Stakeholders
Enterprise Portfolio Management Office (EPMO)	Treasury
Asset Management Portfolio Management Office (AMPMO)	Infrastructure sector agencies such as National Infrastructure Funding and Financing Limited (NIFFCo) and Te Waihanga
Asset Management Leadership Team	Monitoring agencies and entities, such as the Ombudsman
Prison Capacity and Planning (Immediate)	The Ministry of Justice
Masterplanning (Asset Management (AM))	Cross Agency Mental Health Forum

Internal Stakeholders	External Stakeholders
Unions	Auckland Prison Capacity Uplift project team (externals)
Ministerial services	Justice Sector Infrastructure Forum
Workforce Strategy	
Custodial Team and Staff in Prisons	
Pae Ora Group	

To date, engagement with key stakeholders has consisted of:

1. Workshops
2. Meeting with stakeholders individually to brief them on developments
3. Presenting to internal and external stakeholders
4. Consultation on key documents
5. Governance meetings.

Where masterplanning or feasibility has been completed at some of the key sites included in this HSC PBC, (at Christchurch Men's Prison (CMP), and Hawke's Bay Regional Prison (HBRP), there has been local and/or regional engagement with iwi. Additionally, iwi engagement is being undertaken for the Auckland Prison designation amendment process. Engagement with iwi around the Programme will build on engagement already undertaken and take place following this PBC and as part of the development of SSBCs.

During the development of the PBC, a Pae Ora Group manager was included in the Working Group. The Pae Ora Group will be much more closely engaged at the SSBC stage (e.g., the Accelerated Capacity Project (ACP)) in providing input into the direction of travel on High Security investment and how this enables health and rehabilitation outcomes.

1.3 High Security drivers for change

Having sufficient capacity in the network to meet population demand now and into the future is a critical component of both the LTNCP and this HSC PBC. However, there are several other key drivers for change outlined below that contribute to the creation of a cohesive, adaptable network that provides high quality capacity, environments that support rehabilitation and reintegration and provide safer and more effective working conditions for staff. These have been factored into the development of this HSC programme.

Table 4: Key drivers for change

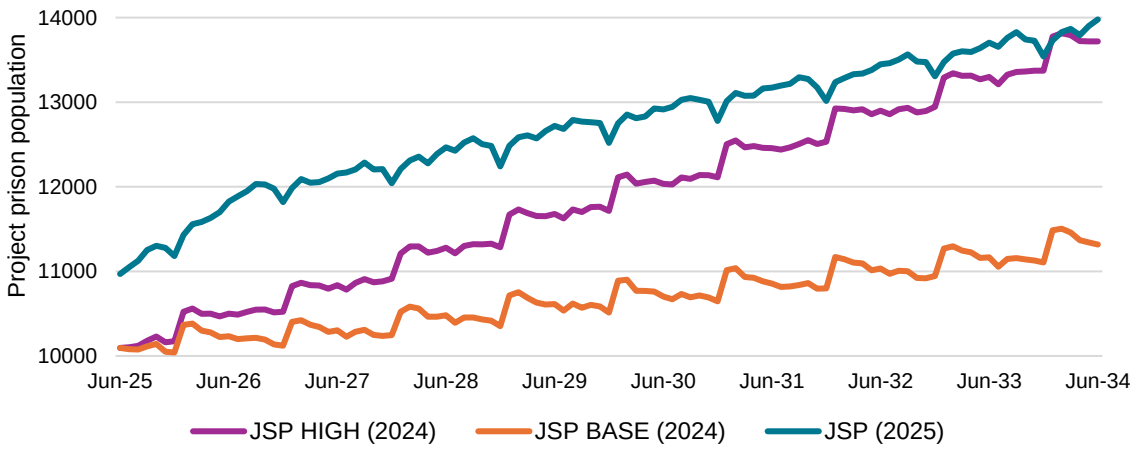
Driver of change	Description
Capacity misalignment	In addition to having enough capacity to meet demand we need to ensure we have sufficient High Security capacity in the areas of greatest demand to manage the population without moving people constantly around the network
Increasing population complexity	An increasing remand population and changes to the makeup and complexity of the prison population requires consideration of different needs including gender, age, health, mental health, addiction
Poor quality and 'end of life' infrastructure	Around 1300 High Security beds in the Prison Network are poor quality or 'end of life". Older units within the network are not suitable as modern workplaces for our staff and do not provide

	healing and humane environments for prisoners with frequent complaints from independent oversight bodies
Lack of flexibility	There is a lack of flexibility in the current unit size and configuration that impacts Corrections ability to manage multiple cohorts without constraints, creating safety risks for staff and prisoners.
Resilience	The network needs a level of resilience to be able to operate effectively day to day and to manage demand uncertainty and the risk of unexpected events
Not fit-for-purpose	The network was not designed or configured to meet the needs of the current population, including the need to support staff to operate effectively in those environments
Increasing costs to maintain	The longer facilities that are poor quality or no longer fit-for-purpose stay in the network the more costly it becomes to maintain them

1.3.1 Increasing demand exceeds prison capacity

Corrections face the unique challenge of having little control over the demand for the services it provides. In addition, the future prison population pipeline is inherently uncertain and difficult to project. For example, following the finalisation of the LTNCP, which was based on the 2024 JSP, actual population volumes have been significantly higher than forecast. In addition, the 2025 JSP does not include the impact of unapproved legislation such as the Crimes Amendment Bill 2025. Given current population growth and the 2025 JSP (which are significantly higher than both the 2024 Base, and 2024 High projections per Figure 4), there is significant likelihood of increasing capacity shortages from now until 2030.

Figure 4: 2025 JSP vs 2024 Base & High Projections



Prison population volumes are impacted by socio-economic factors, legislative change across political cycles, judiciary influences, and policing emphasis. Corrections need sufficient capacity to respond to this demand uncertainty and must factor in the extended lead times required to deliver new infrastructure.

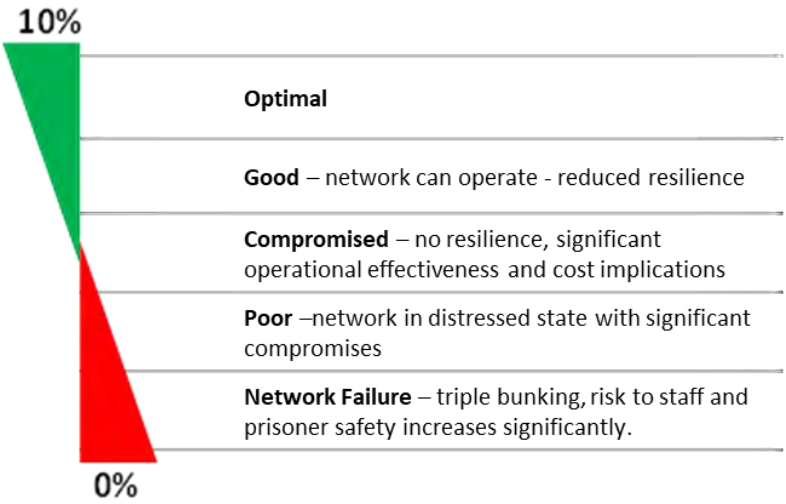
Projected growth in the total population is driving a critical need to address the growing demand for capacity across the next 20 years, with more urgent immediate demand for capacity as early as 2027 to mitigate the risks of a potentially acute shortfall. There are nuances between short-term and long-

term capacity constraints, as well as when examined at a gender and security type (specifically High Security capacity for men and women). These distinctions are drawn out further in this section.

More Urgent capacity challenges – prison population from now until the end of 2029

Corrections' plans for 10% resilience (meaning 10% more good quality beds than the total prison population) to enable population cohort management and provide resilience to demand uncertainty and unexpected events that impact capacity.

Figure 5: Network resilience levels



Over the short-term (in response to recent volume growth) Corrections may be unable to deliver this level of resilience:

- The focus of the ACP is to provide enough capacity to meet demand in the short-term.
- Delivery at pace can create compromises and disruption – the precedent from the Christchurch Men's Prison Redevelopment Programme indicates it takes around 3.5 years to deliver good quality High Security capacity.

Accordingly, a key planning assumption this PBC seeks to establish is the scale of accelerated capacity addition required for the 2027 – 2029 period. This could be looked at with scenarios:

Scenario one: Minimum required capacity
Both national and international experience indicate that an additional level of capacity resilience is needed to operate the corrections system (basically, more total beds than total population is needed). International jurisdictions (e.g., the UK – refer Case study one) recommend a minimum of 5% resilience. Corrections plans for a 10% resilience level in response to the volume, make-up, and complexity of the prison population. Any resilience level below 10% results in compromises to the network, with the lower the level of resilience the more compromised the network becomes (Figure 5). **In terms of timing, the first half of 2027 is when capacity potentially starts dropping below 4% resilience, resulting in significant compromises and a distressed network. It is expected that around 300 - 400 additional beds would need to be added to ensure the network does not move to a poor, or network failure state through the 2027-2029 period.**
Scenario two: Upside forecast risk

The 2025 JSP represents the estimate of future prisoner population. Like all forecasts, however, there is both upside and downside risk if actual populations do not follow these projections. With physical infrastructure, such as prisons, the upside risk of population projections raises significant concerns for Corrections in the form of not having enough beds for the number of prisoners entering the system. Over the past five years the maximum variance between projected and actual population levels has been 9%, showing significant potential fluctuations in the prisoner population.

Applying this forecast adjustment, to achieve a 'one bed for every prisoner' position, it is expected that around 1,100 beds would need to be added over the 2027 – 2029 period.

Scenario three: Potential project delay

There is a potential scenario where; to reduce more immediate capacity pressures, 9(2)(g)(i) [redacted]

9(2)(g)(i) [redacted]

Given the factors outlined above, and a blended view of requirements, the following planning assumptions have been assumed as minimum requirements for accelerated delivery of capacity:

- Between 300 to 400 beds to maintain a minimum resilience position.

  Delivery as soon as possible by 2027, to address potential upside risk scenarios (as per Scenarios two and three).

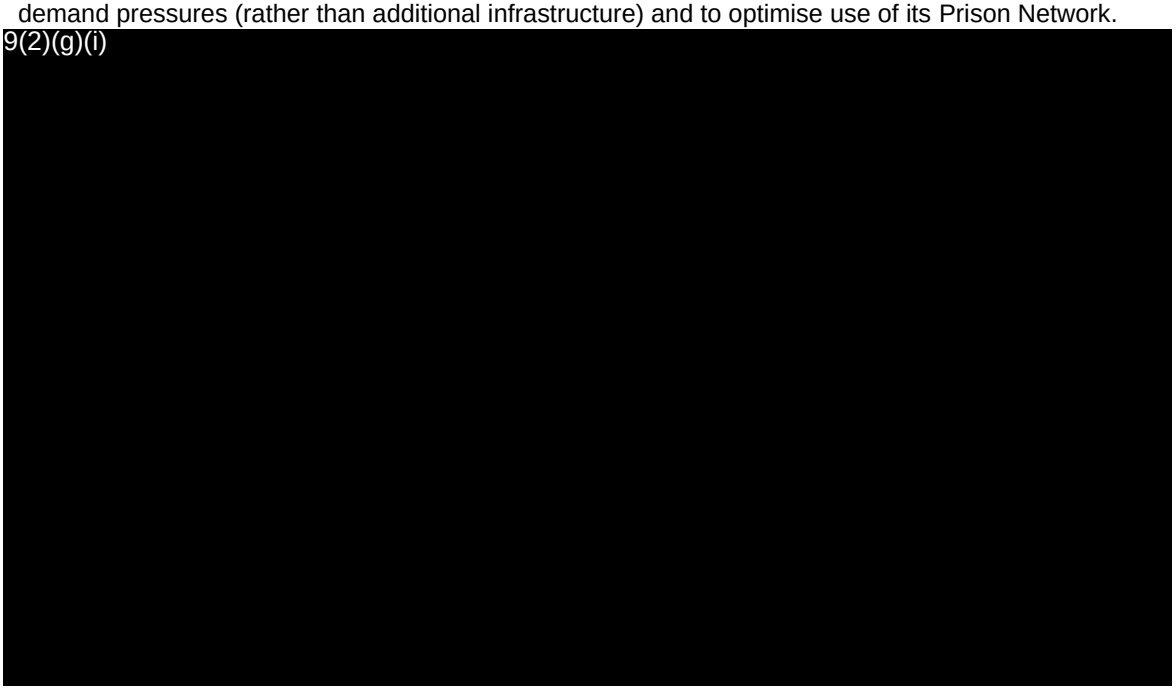
Corrections is planning to minimise the delivery of accelerated capacity required through use of the following measures (which are factored into Scenarios above).

Assumptions	Risks and compromises
Waikeria (Phase 1 and 2) are both fully double bunked. New accommodation blocks were designed for every cell to include two beds, but with an operating intent of only 50% of these second beds being utilised for double bunking.	• Significant compromises to the intended operating environment in a newly operational facility. • There is also risk that this measure is never 'unwound'.
2025 JSP used as core demand projection	• Other forecasts (e.g, Scenario 2) signal greater increases in population.
Capacity viewed at network level (i.e., Low Security capacity can be used for prisoners who may otherwise be held in High Security environments if circumstance allows).	• The Prison Network operating at its most effective would match accommodation type and environment with prisoners (i.e., High Security prisoners being held in High Security environments). • Increased operating costs to support this. • Increased use of low security capacity may result in demand exceeding supply.

Possible operational responses

Corrections will need to use existing and other operational management approaches to address demand pressures (rather than additional infrastructure) and to optimise use of its Prison Network.

9(2)(g)(i)



There are significant consequences and risks associated with operating below the 10 percent resilience planning line, all of which are characterised as reducing effectiveness and efficiency, and detracting from Corrections' bottom lines around safety, and ultimate goals around reducing re-offending.

Case study one, United Kingdom: By July 2024, United Kingdom prisons reached 98 percent capacity with only 700 spaces remaining, forcing the government to announce emergency early releases to prevent complete system collapse. The crisis led to prisoners being released after serving just 40 percent of sentences instead of 50 percent, with over 10,000 offenders released early between 2023-2024. Despite these emergency measures, the system remained critically overcrowded at 99.7 percent occupancy through October 2022 to August 2024, with projections showing capacity running out again by early 2026. United Kingdom prison service experts recommend maintaining occupancy below 95 percent for efficient operation.

Table 5: Operational impacts and their implications

Impact	Measures, risks, and consequences
Operating cost	• Increased overtime costs and call backs associated with movements / transfers across the network to enable receptions, and increased guard to prisoner ratios required if High Security prisoners are housed in low security capacity.
Operating risk	• Significant risk associated with short notice transfers (and prisoner reaction), restricted planning. • Inability to carry out asset management and maintenance type activities as there is nowhere to decant prisoners.

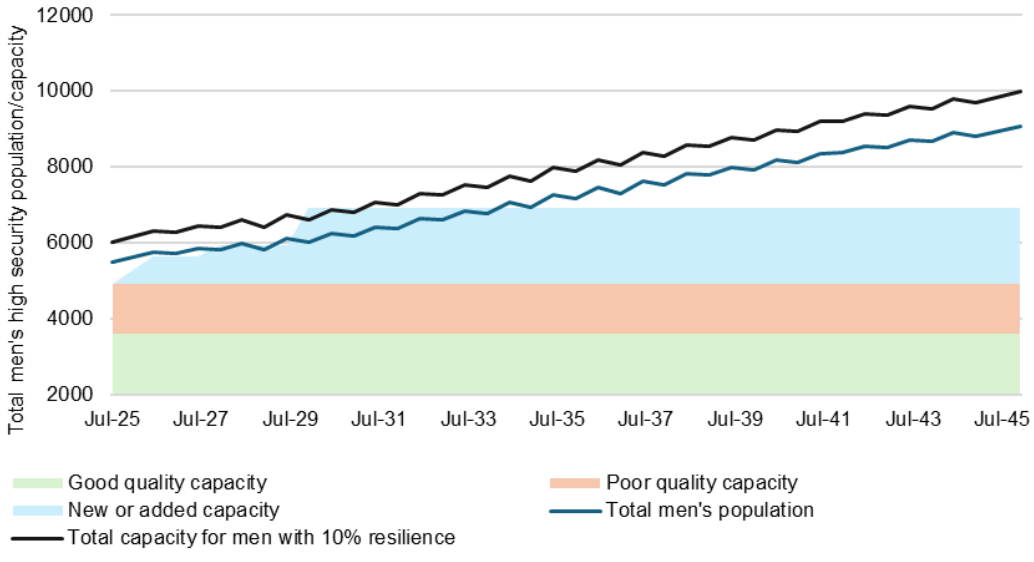
Impact	Measures, risks, and consequences
Ability to operate / deliver core purpose	• Reduced ability to deliver against strategic goals and core responsibilities. For example, it becomes difficult to receive from certain courts as (whole of network) capacity is in the wrong place and contributes to reduced access to justice.
Ability to deliver rehabilitation	• Units ordinarily reserved for rehabilitation (with suitable environments) are instead not vetted for appropriateness of prisoner, as every bed becomes important.
Rehabilitation effectiveness	• Post rehabilitation placement is focused on freeing up capacity for new attendance. This may result in placement in a pre-rehabilitation environment (going backwards).
Safety	• Requirement to double bunk those less suitable, and increased cell sharing generally which increases tensions. • Increased risk of staff assault and prisoner on- prisoner assault, predations, self-harm, and escape. • Increased risk of staff fatigue (and Corrections ability to manage this).
Health / Mental Health	• Increased risk to the people in prisons health and particularly mental health.

Long-term outlook on men's High Security capacity

If projected demand occurs without additional capacity investment, Corrections will not have enough men's High Security to operate the Prison Network effectively at any point over the next 20 years (illustrated in Figure 6). The planning line in Figure 6 includes a 10 percent operational resilience assumption. This allows for resilience within the network for operational management, to meet changes in demand, and respond to unexpected events.

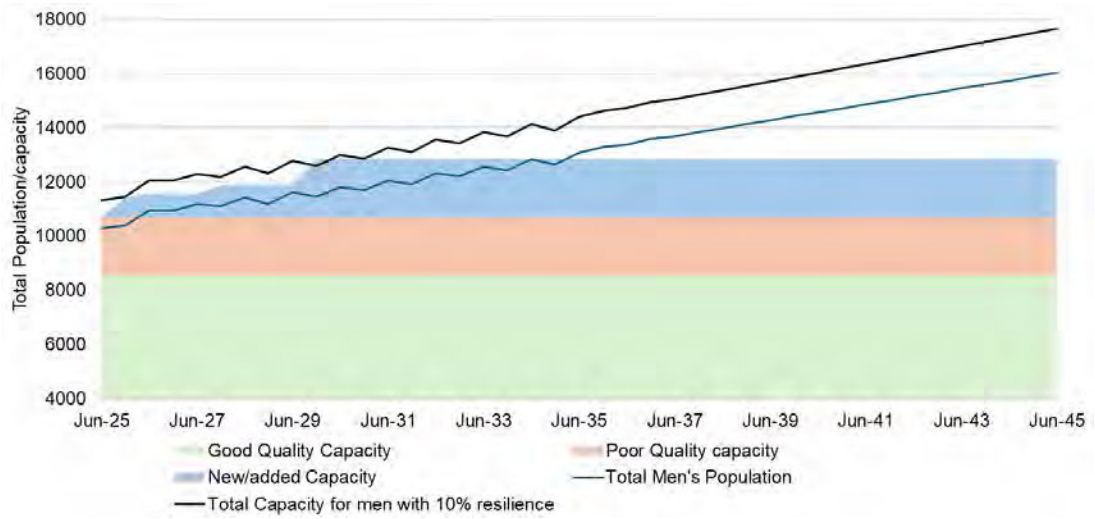
Prior to the development of this PBC, two major projects had already been approved –Waikeria Phase 2 (adding over 810 beds by 2029/30) and CMP Phase 1 (adding 316 beds by 2029/30). Despite this additional capacity, there is projected to be a deficit of approximately 3,400 beds within the men's High Security network by 2045.

Figure 6: Men's High Security capacity/population correlation based on JSP 2025, extrapolated to 2045



The total men's population line represents the High Security sentenced, and remand populations. To alleviate existing shortfalls in High Security beds, some remand prisoners are currently being held in low security beds (remandees have typically been held in High Security environments). This is mitigated using the Remand Management Tool (RMT2) which allows Corrections to assess the risk of those on remand and to hold them in low security capacity (with increased staffing ratios). However, use of RMT2 to manage the men's High Security population is not a long-term solution and does not remain a viable long-term solution to capacity shortfall when, as highlighted in Figure 7, there is an overall bed shortfall in the men's network.

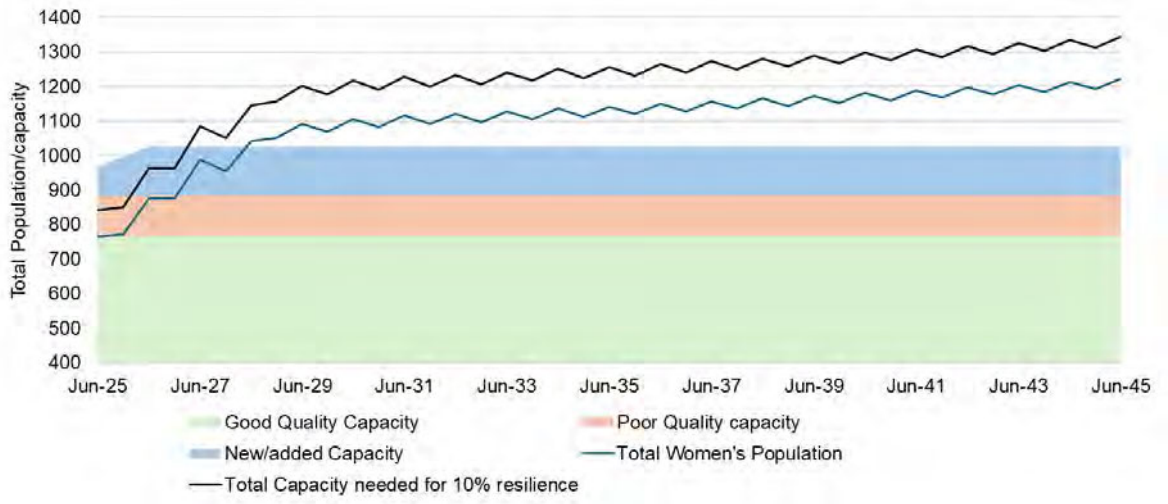
Figure 7: Men's total capacity/population correlation based on JSP 2025, extrapolated to 2045



Long-term outlook on women's High Security capacity

The women's population is much smaller than the men's, however, with only three prisons in the network there is less resilience and the options to provide additional capacity are limited. Unlike in the men's network, women remandees held in low security cells tend to pose less of a challenge. As shown in Figure 8, with the addition of low security beds in the women's network, re-opening end-of-life or previously closed assets (e.g., Nikau and Miro low security beds), potentially provides sufficient capacity at a whole of women's network level through until 2028, if the use of low security capacity for remand were to continue. This would mean a growing number of remandees would be held in low security beds until further capacity is added to the women's network, noting these previously closed assets are lower quality.

Figure 8: Women's total capacity/population correlation based on JSP 2025 extrapolated to 2045



Addressing capacity challenges enables Corrections to more effectively and strategically plan for future-focused infrastructure that is fit-for-purpose. However, some of the capacity challenges that Corrections face are more urgent and immediate and can't be solved in time through the future investments signalled in the LTNCP, given the long lead-in times of new infrastructure. This PBC provides a Preferred Way Forward (as outlined in Section 2.4) that reduces the capacity challenges in the short-term while still creating fit-for-purpose future infrastructure.

Other impacts of capacity deficits and lack of resilience

As seen in Figure 7, the network is already experiencing a shortfall in High Security capacity. As demand continues to grow, the impact of this will be exacerbated.

When there is a mismatch between capacity and demand, High Security prisoners are often held in low security accommodation, in poor-quality beds where facilities are not fit-for-purpose, or in High Security capacity with less time out of their cells (to match capacity of prison yards and manage cohorts who can't mix). These measure cause tension, increase safety risks for both staff and prisoners, and can impact rehabilitation. In particular, poor-quality units and beds have had frequent complaints from oversight bodies regarding quality and some may have structural / seismic issues.

Another consequence of insufficient capacity is that prisoners are moved across the country to places far from their family and/or possible rehabilitative supports. This can have significant impacts on the rehabilitation, wellbeing, and reintegration of these prisoners, creates safety risks and incurs costs.

Throughout the Corrections network, a level of resilience is required to support population management and the housing of prisoners when there are unexpected events. Integral to the network is its day-to-day resilience, surge, and disaster reserve capacity. When demand outstrips capacity, these beds are often used on a day-to-day basis, eliminating Corrections' ability to effectively manage different prisoner cohorts or respond to unexpected events.

The risks associated with the lack of sufficient capacity of the right type and in the right place are well understood. However, the extent of these impacts will depend on the severity of shortages. Overcrowding of prisons creates operational compromises and increases both risk and cost. Corrections faces the primary role of managing capacity pressures with less ability to deliver on its legislative requirements and next to no ability to focus on the delivery of rehabilitation and reintegration – which inevitably has a role in reducing future demand. The risk to staff and prisoner health, safety, and wellbeing increase, as would the likelihood of a significant disruptive events as the

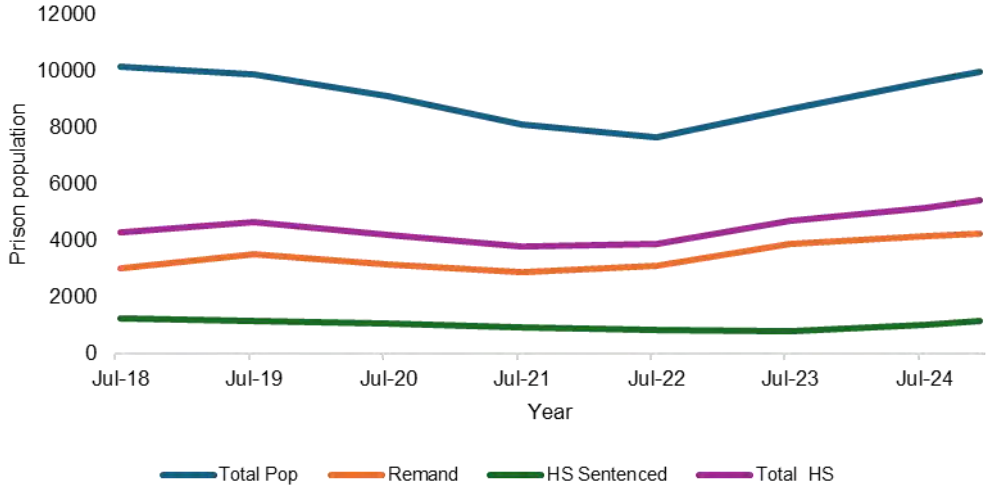
lack of sufficient capacity removes a level of resilience across the network. These risks are not binary but represent a gradient of increasing compromises and potential for adverse outcomes.

Moreover, while low security prisoners can go into High Security beds, High Security sentenced prisoners cannot be held in low security. Investment in High Security beds provides capacity that can be used flexibly to meet demand and can be used by low security prisoners if needed – creating a level of resilience for the total population.

1.3.2 Changing requirements of the prison population

Figure 9 shows changes in the remand and High Security sentenced prisoner population in recent years. It illustrates that overall growth in the remand and High Security population demand has been largely driven by the remand population. Both the remand and High Security sentenced cohorts have differing requirements that need to be addressed within the same environment – complicating the services and operational environment of High Security units and intensifying the need for fit-for-purpose facilities. Moreover, with less certainty around demand for High Security beds capacity, the need for the High Security network to remain resilient and flexible to capacity changes heightens.

Figure 9: Changes to Population (Demand)



1.3.3 Increased risk associated with poor quality and end-of-life infrastructure

Over 25 percent of the total High Security network capacity is considered poor quality or end-of-life, equating to over 1,300 High Security beds. Even if the projected increases in population do not eventuate as described in Figure 9, there remains a need to replace existing poor-quality capacity across the country – as seen by the poor capacity highlighted in the capacity tables in Section 1.3.1.

Continued and additional use of this capacity presents a risk to the safety and wellbeing of both prisoners and staff and does not support the rehabilitation and reintegration outcomes Corrections is seeking. If this infrastructure is not replaced or refurbished, there is a risk that requirements around reactive maintenance significantly increase the cost of operating a site or assets fail across these facilities.

The condition of Corrections' existing High Security accommodation units in good or very good condition (Condition 1 and 2) is decreasing over time, with asset data showing an increasing proportion of units in poor or very poor condition (Condition 4 and 5).

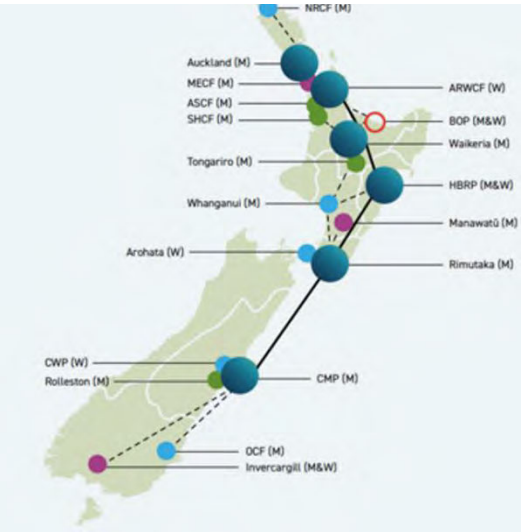
More detail on Corrections quality and asset condition information is available on request.

1.4 Business Case Scope

To address the identified challenges, investment in High Security capacity is required. These investments would ideally be high quality, fit-for-purpose, and delivered in a manner that aligns with the LTNCP. They would provide a pathway to a Prison Network that balances regional needs, provides sufficient capacity, improves the quality of our infrastructure across the Prison Network, and ensures purposeful investment in facilities.

The Future Prison Network Framework introduced in the LTNCP and outlined in Figure 10, focusses on investment in Strategic Nodes, illustrated by the large blue circles. It ensures development opportunities are prioritised based on need while considering the whole of network perspective.

Figure 10: Strategic Nodes

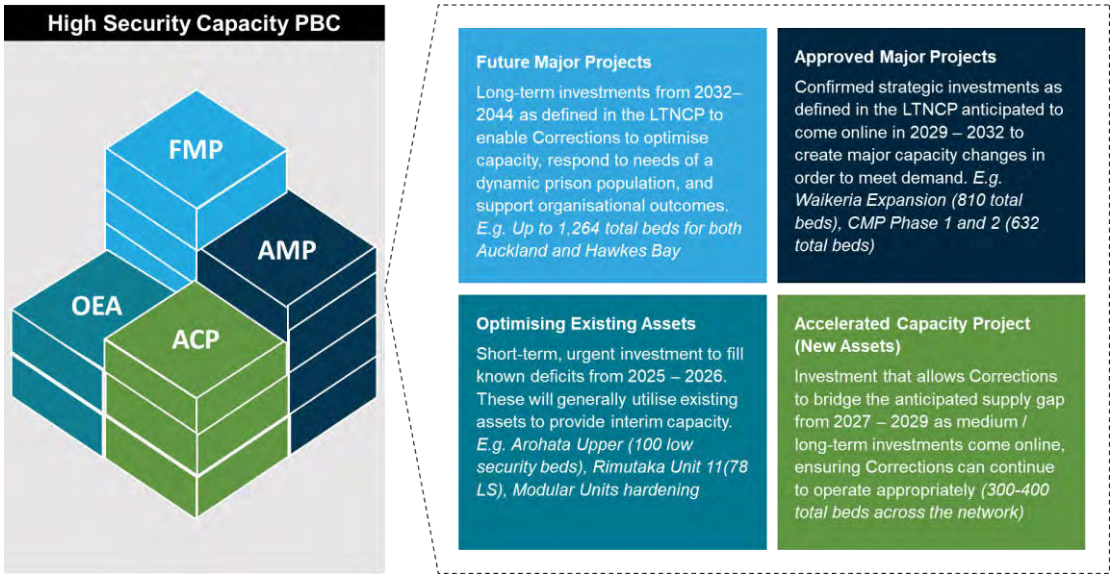


However, the scale and associated lead-in times of many of the High Security investments in the LTNCP means they cannot be delivered in a timeframe that will alleviate potential capacity pressures being faced in the next five years.

This PBC looks across all timeline challenges within the High Security network and has developed the Investment Pathway Framework to enable a co-ordinated approach to ensuring population demands meet the various timeframes, while continuing to work to a progressive plan (the LTNCP).

The Framework breaks the problem and potential investments (as defined in more detail in the Economic Case) into key time horizons. This is shown in Figure 11.

Figure 11: Key timing dimensions for HSC

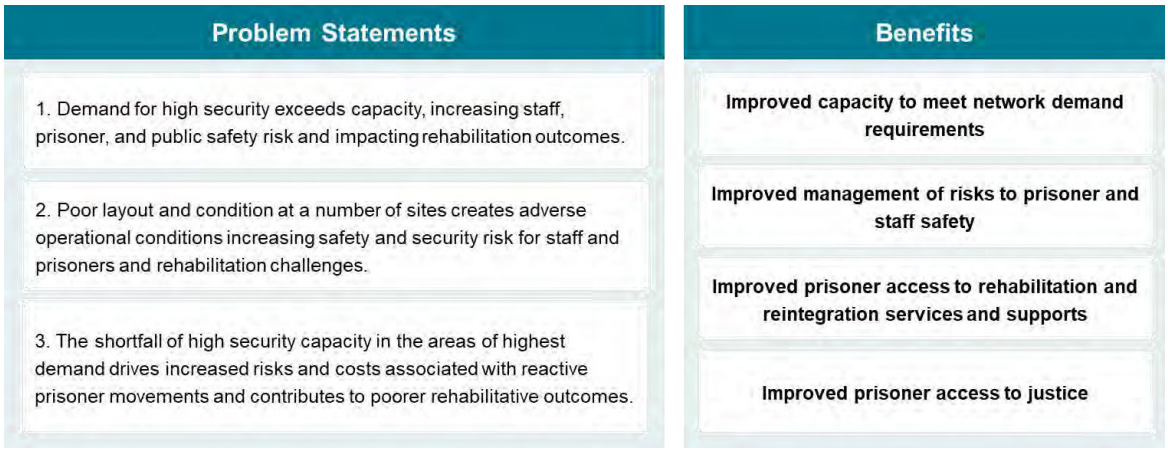


The need associated with these time horizons has been specified in Figure 12. The types of interventions that can occur within each timeframe and the trade-offs are explored further in the Economic Case.

1.5 Problem Statements and Investment Objectives

Facilitated Investment Logic Mapping (ILM) workshops were held with key stakeholders in October and November 2024 to identify the existing business problems, likely benefits expected from the investment, and the programme investment objectives (IOs). This ILM was updated in May 2025 with the inclusion of more immediate capacity additions in the problem definition. The updated ILM is provided in Figure 12.

Figure 12: HSC PBC ILM



The problem definitions in Figure 12 were then applied to the specific contextual factors already outlined in this Strategic Case. The IOs for this PBC (per Figure 13) are:

1. Capacity interventions to meet immediate population demands across the High Security network.
2. Maximise alignment between investments and the strategic direction set by the LTNCP.
3. Respond to long-term population demand, create network resilience, and systematically address the poor quality in the Prison Network over the long term.
4. Create adaptability and resilience to population demand uncertainty.

The intent is for projects and programmes sitting under the overarching Programme to contribute (in varying degrees) to these objectives.

1.6 Existing arrangements and business needs

Infrastructure is an enabler to achieve key business needs. A summary of existing arrangement and business needs relative to the agreed IOs are shown in

Table 6.

Table 6: Summary of existing arrangements and business needs

IO One	**Capacity interventions to meet population demands across the High Security network.**
Existing Arrangements	A description of existing capacity amounts, quality issues, and the impact of long-term projected volumes is outlined in Section 1.3. This section also describes why sufficient capacity is necessary to meet statutory obligations.
Business Needs	Corrections plans for a 10% resilience allocation to carry out population management, enable asset maintenance and have resilience to short-term and unexpected variations in demand. This requirement cannot be achieved, particularly over the next five years despite planned high quality capacity additions coming into service, meaning the network will operate at lower levels of resilience.

IO Two	**Maximise alignment between investments and the strategic direction set by the Long-Term Network Configuration Plan.**
Existing Arrangements	The LTNCP is established as Corrections' overarching strategic direction for its Prison Network infrastructure.
Business Needs	An overall Programme that remains aligned on the long-term vision, while addressing more immediate needs, or being transparent about the compromises required when this is not possible.
IO Three	**Respond to long-term population demand, create network resilience, and systematically address poor quality in the Prison Network over the long-term.**
Existing Arrangements	See Section 1.3.1 for a description of existing capacity amounts, quality issues, and the impact of long-term projected volumes.
Business Needs	This investment should provide enough beds of the right type in the right place to meet demand, enable poor quality beds to be removed from the network, and build day-to-day and emergency resilience. The design and configuration of new accommodation units should provide safe and secure environments for staff and prisoners, provide flexibility to manage multiple cohorts, and support rehabilitative engagement and activities. This typically means High Security units (as delivered at the Waikeria Prison PPP) will be the preferred solution, particularly in the men's network. One aspect of addressing poor quality relates to minimising embodied and lifecycle carbon emissions throughout the life of the facility (especially given the unique constraints of custodial environments).
IO Four	**Create adaptability and resilience to population demand uncertainty.**
Existing Arrangements	There is currently a lack of resilience in the network to meet day-to-day operational challenges and to provide disaster reserve in the case of unexpected events. A resilience allocation of 10 percent of capacity is needed for day-to-day population management to respond to spikes in populations and to provide resilience to major events (consistent with Corrections' practice and international benchmarks). These 'disaster reserve' beds are currently in service. Similarly, there are limited 'ready' options for investment to create new capacity.
Business Needs	Corrections need sufficient good quality High Security capacity to meet demand for men and women and to provide day-to-day operational and emergency resilience in the network.

1.8 Benefits and risks

1.8.1 Benefits

High level benefits of this HSC PBC are provided in Table 7 and developed through the ILM process, including how these benefits link to the Living Standards Framework in Treasury's business case guidance.

Table 7: Living Standards Framework

Benefit	Domain	Link
Improved capability to meet network demand requirements		• Health – links to improved Mental Health • Safety – links to feeling safe
Improved management of risks to prisoner and safety		• Health – links to improved Mental Health • Safety – links to feeling safe
Improved prisoner access to rehabilitation and reintegration services and support		• Knowledge and skills – links to education, potential future employment • Social connections – links to whānau, hapu, iwi connection to the marae, whānau wellbeing
Improved prisoner access to justice		• Social cohesion – links to a sense of belonging / trust in others and reducing discrimination.

Delivery of the High Security Programme's proposed investments is planned over a 20-year period. As a result, benefits will be realised progressively over this time. A precondition of these benefits is an ability to deliver core services (safe, secure, humane containment as specified in the Corrections Act 2004). The more aspirational elements of these benefits can only truly be supported in the longer term with the addition of good-quality capacity to the required levels.

1.8.2 Risks

Corrections has taken a proactive approach to identifying and managing the risks associated with the development and subsequent delivery of the Programme. This is aligned to Corrections' Enterprise Risk Management (ERM) approach to managing risk which includes an ERM policy (who is responsible), ERM Framework (what we do to manage risk), ERM guide (how we manage risk), and a Risk Appetite Statement (that describes when we can take risks). This will be integrated with project-level risk management to provide visibility and confidence across Corrections that risks are being escalated and managed at the appropriate level.

The most significant risks that might prevent, degrade, or delay the achievement of the IOs are identified in Table 8. All risks will be monitored, managed, and updated as the Programme progresses.

Table 8: Programme key risks

Main Risks	Comments and Risk Management Strategies (Mitigations)
IF access to funding for delivery of High Security infrastructure is delayed, THEN Corrections will continue to be challenged by a High Security capacity shortfall which creates compromises to the safety and security of staff, prisoners, and the public and negatively impacts the delivery of positive rehabilitative outcomes.	• Clear articulation of the case for change in the PBC Strategic Case. • Clear articulation of the trade-offs associated with potential investment pathways, including a decision to delay investment, to demonstrate the impacts of differing degrees of investment in the PBC Economic Case.
IF Ministers are unsupportive of investment in High Security infrastructure, THEN Corrections will have to make decisions about how to best use existing resources or to scale down the Programme, which may mean it does not have the necessary supply of beds required to meet demand across the network.	• Engagement with key internal and external stakeholders (e.g., Treasury, the Infrastructure Commission, and NIFFCo) to communicate proposed investment ask and the impact if investments cannot proceed. • Aligning to and complying with Treasury Better Business Case Guidance, including the PBC template. • Aligning and complying with the Government's current policy context.
IF the New Zealand construction market lacks capacity to engage in and respond to the programmes procurement process, THEN Corrections is constrained in their ability to engage with the market which could result in challenges to the delivery of the procurement process, driving timeline delays.	• Draw upon existing information available within Corrections site assessments to inform subsequent business cases • Leverage information gained during market engagement exercises for similar projects (e.g. CMP) and look to align/ package market engagement if possible. • Engagement with stakeholders as per the draft stakeholder engagement plan (e.g., potential suppliers) to communicate proposed investment ask (relevant to wider infrastructure investment ask). • Emphasis on relationship building with contractors on current or upcoming Corrections projects.
IF there is limited access to necessary data to inform the level of analysis required in subsequent business cases, THEN investment pathways are not supported by the necessary information to enable robust decision making, driving a potential need for re-work / re-scoping of the Programme, negatively impacting timeline, budget, and confidence of stakeholders.	• Draw upon current High Security-specific information and recent analysis (e.g., masterplans) and continue to work closely with operational teams and decision makers. • Early and regular engagement with the Ministry of Justice to remain abreast of updated demand projections (including for men and women). • Regular engagement to identify signals that Government policy or approach to law enforcement and rehabilitation may change. • Phasing of investments to provide flexibility.

1.9 Constraints, dependencies, and assumptions

The key constraints may differ slightly across the key time horizons that are considered throughout this PBC but are likely to include:

- The fiscal environment within which we are operating (capital and operating);
- construction and procurement timing (including any site-specific factors that may impact phasing and timing);
- market capability and capacity;
- the capacity and capability within Corrections, and the potential for disruption associated with delivering infrastructure on sites that are in service; and
- The nature and suitability of the construction solutions proposed, especially in relation to the ACP element (e.g. lifespan, ability to meet design standards etc.)

The size, scope, and timing of investments in the HSC PBC may require updates in response to changing drivers including projected and actual demand, this is discussed in subsequent Cases.

1.9.1 Optimising Existing Assets

Options to utilise existing assets to supplement capacity will be internally funded and are already being progressed. OEA is a part of this Programme, however these investments are an assumption of this PBC and any investment going forward will need to consider their impact (e.g., removal of poor-quality beds in the long-term). Some OEA interventions may be outside of Corrections' internal delegations to progress (even if they are progressed within baselines). This PBC is intended to be the vehicle to support the approval of these measures.

1.9.2 Approved Major Projects

Prior to the development of this PBC, two Major Projects were approved and are being progressed – the Waikeria Phase 2 (over 810 beds by 2029/30) and CMP Phase 1 (316 beds by 2029/30). CMP Phase 2 (a further 316 beds) has been approved in principle 9(2)(f)(iv) These projects already have defined scope and timelines. This PBC explores how these projects could flex to better meet overall Programme objectives 9(2)(g)(i) . All levers to address immediate capacity gaps are being considered 9(2)(g)(i)

1.9.3 Capacity focus

This PBC is 'supply' focussed. It assumes population projections (generated externally by the Ministry of Justice) are responded to with capacity management and additions – rather than demand levers. To the extent that demand-based approaches help manage the need for investment, these will be factored into future prison population projections which are in turn factored into the recommendations of the Programme.

2 Economic Case

This Economic Case outlines the investments available to Corrections, and the trade-offs associated with solving the capacity issue across multiple time periods (including immediate and the longer-term), in response to the Strategic Case.

As introduced in the Strategic Case, the four investment types of the Investment Pathway Framework consist of both levers to address immediate demand – Optimising Existing Assets (OEA), Accelerated Capacity Project (ACP), and longer-term investments, Approved Major Projects (AMP) and Future Major Projects (FMP), that enable Corrections to meet long term demand and address poor quality currently in the network.

The Economic Case concludes that all investment types are important in fulfilling the Programme objectives, as well as Corrections' wider goals and outcomes, as identified in the Preferred Way Forward (Option 4) (PWF):

- As OEA and ACP respond to the most immediate and crucial needs of the network, these investment types must be further developed. The Programme will make any long-term compromises transparent, and work to mitigate these while still responding to short term demand.
- Longer-term AMP and FMP address the strategic, network-wide need, primarily though single-build X-wing programmes at selected sites across the network.

The Preferred Way Forward, as selected by this Economic Case also signals that some changes to current project design should be considered in future analysis.

The Preferred Way Forward is robust to many future scenarios, allowing for removal of poor-quality assets if population growth slows, increasing capacity further thanks to robust build platforms, and switching capacity between the men's and women's network as demand profiles change. The PWF would bring online 7,200 beds over the next 20 years at a whole-of-life-cost of 9(2)(f)(iv), 9(2)(j), 9(2)(

2.1 Investment types

2.1.1 Optimising Existing Assets

OEA is an existing workstream progressing interventions that can deliver an immediate capacity impact. This work is being progressed and funded internally and provides interim measures to address growth immediately.

These investments (as listed in Table 9) largely relate to reopening temporarily closed beds or bringing back on to capacity beds that were deemed to no longer be fit-for-purpose, and not in use. These investments can be delivered relatively fast. However, this capacity is poor quality and could result in some increased risks for staff and prisoner safety. As such, Corrections intends to use them as interim capacity, removing them from capacity in the long-term.

Figure 13: Investment Pathway Framework

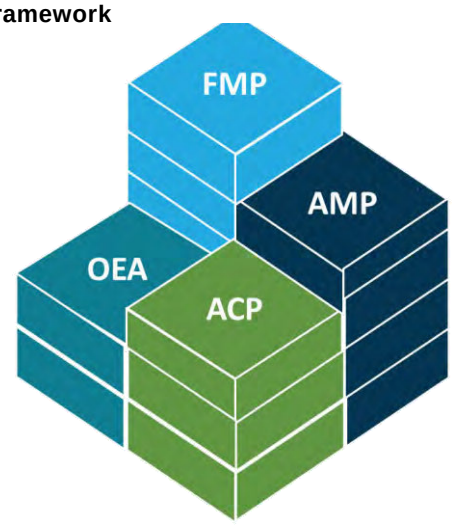


Table 9: Optimising Existing Assets interventions

Men	Women	Total
2024		
• 499 High Security beds reopened • 577 LS beds reopened • 28 Minimum beds reopened	• 97 HS beds reopened • 35 LS beds reopened	1236 beds
2025		
• 46 High Security beds to reopen • 294 LS beds to reopen • 14 maxi beds to reopen • 88 minimum beds to reopen • 80 LS to close and reopen for women • 56 LS beds added to capacity (Upper Jail located near Rimutaka Prison)	• 9 High Security beds to reopen • 73 LS beds to reopen • 80 LS beds to reopen for women (Nikau)	716 beds
2026		
• 100 LS beds added to capacity (Upper Jail located near Rimutaka Prison)	• N/A	100 beds
Additional contingency		
• Unit 11 at Rimutaka (78 LS) • Miro unit at Waikeria for women (60 beds) • 79 modular and other		217 beds

The second part of OEA relates to accepting compromises in quality and long-term planning through short-term capacity and operational decisions, which can include:

- Operating with lower levels of resilience (essentially less than the 10 percent resilience planning line).
- Continued use of poor quality (1,300 existing beds, as well as much of the capacity in Table 9).
- The increased use of existing double bunks above current levels.

While potentially justified in reducing the requirement for urgent investment in the short-term, partially to allow for longer term value for money, there is a level of risk that must be considered if the resilience planning line is compromised too severely. Continued use of OEA measures in the long term will result in unacceptable risks and consequences. The trade-offs associated with short-term and long-term need will be examined in detail in relevant future approval documents.

2.1.2 Accelerated Capacity Project

OEA will not provide enough capacity to meet growing demand, especially over the next five years and, high-quality capacity typically has long lead times in terms of funding, financing, and delivery. Accordingly, an ACP solution will likely be needed to bridge projected capacity shortfalls between 2027 and 2029 when the next major projects come online, as a critical transitional investment stream.

While the need is clear, further work is required to determine the design, delivery speed, and requirements associated with bringing on ACP solutions to enable efficient decision making post-PBC approval. This work will be undertaken through a subsequent SSBC. The ACP Chevron Unit represents an effective solution to the challenge of timely delivery of High Security accommodation. The design features High Security cells is less custodially challenging than courtyard designs, with multiple yard options, and staff are more able to separate cohorts. The intent is to provide a solution suitable for High Security prisoners that when paired with appropriate operational overlays where needed, is suitable until longer-term capacity additions are added.

It is expected that the cell designs will be largely uniform, and in keeping with current designs with the potential capacity increase resulting from this initial staged delivery approach is outlined in Table 10.

Table 10: Potential first stage of ACP

ACP –Scope and timing	
Capacity	• Delivery of two Units by December 2026, delivering an additional 300 to 400 men's High Security beds into the network. • Delivery of enabling works to allow for the construction of the two Units. • Delivery of upgrades to ancillary support functions where critical to ongoing safe and secure prison operations (with consideration given to temporary facilities or other alternatives as appropriate). • Will not include additional women's capacity, given the extent of OEA solutions.
Timing	Delivered by December 2026

This will respond to what is seen as the minimum required investment to avoid unacceptable risk (not having enough beds to meet demand). The target number of beds to add through ACP is driven by the capacity views outlined in Section 1.3, particularly over the next five years. These indicate, even with existing assets optimised completely (i.e., old poor-quality units re-opened, all existing double bunks used even above previous levels, and minimal acceptable resilience), 300 to 400 beds will be needed in this time range based on the 2025 JSP.

2.1.3 Approved Major Projects

Some Major Projects are already approved or funded, such as the Waikeria PPP (works completed, adding 722 High Security beds), the Waikeria Phase 2 (planned to add over 810 beds), and the first phases of the CMP (adding 480 beds across two phases – Phase 1 approved and funded). 9(2)(g)(i) [redacted] 9(2)(g)(i) [redacted]

2.1.4 Future Major Projects

The LTNCP outlined a timeline for major investments. All these investments will create high quality facilities providing both beds for prisoners, fit-for-purpose staff spaces, and increased spaces for rehabilitative programmes. The capacity generated through these major projects will deliver the desired outcome for Corrections. Using existing X-Wing designs as a basic building block creates a degree of standardisation and flexibility across the network that would be beneficial from a delivery perspective and operationally efficient. X-Wings can hold both high and low security prisoners, and have dedicated facilities for programmes, health, and staff. As a strategic outlook, the use of standardised designs such as an X-Wing is the planning assumption within the Programme, due to the profile and complexity of the prison population, and the inherent flexibility of this investment type. However, the Programme remains open to innovating to achieve efficiencies if they can be delivered within cost, timeframes, and operating constraints.

The LTNCP signalled Auckland Prison and HBRP as the next two Strategic Nodes likely to be developed to respond to volume growth and poor quality within the Prison Network. However, good quality High Security capacity integrated into a cohesive masterplan with sufficient ancillary services takes time to deliver (as indicated by CMP Phase One which, as currently planned, will not be in service until the end of 2029). This means that, without compromises, they are not viable as a reactive solution to fast rises in the prisoner population.

2.1.5 Link to LTNCP

The LTNCP considered the approach to developing the Prison Network overall, and recommended the following approaches:

- Targeted investment in Strategic Nodes across the Prison Network to provide scale.
  Given timing constraints and other practical challenges, the LTNCP prioritised working within the current footprint of the Prison Network, rather than building on new greenfield sites.
- It also prioritised scalable, iterative developments where possible. The CMP RP is an example of this, with significant investment upfront in a new 'core' of the prison, with the marginal cost of each additional phase reducing.
- Standardised design building on the existing X-Wing approach for accommodation.

2.2 Assessing investment types and options analysis

IO assessment was initially carried out on each investment type (i.e., OEA, ACP, AMP, FMP). All investment types meet capacity needs as standalone items, but will involve compromises across other priorities, for example, capacity constraints mean that solely relying on Major Projects (which take longer to deliver) will introduce risk in meeting critical short-term needs, per Table 11.

Table 11: Initial Investment Type Assessment

	Optimising Existing Assets	Accelerated Capacity Project	Approved Major Projects	Future Major Projects
IO 1: Can add capacity over the next five years				
IO 2: Alignment between the next five years and LTNCP				
IO 3: Addressing long-term population demand and poor quality, create network resilience				
IO 4: Adaptability and resilience through the development of scalable responses				

Accordingly, the next step in this PBC is to assess how investment types contribute to the IOs as defined in the Strategic Case. This is important to understand what options decision-makers have and is detailed in Table 12.

Table 12: Options Assessment

Option 1 – Do minimum: Only 'Optimising Existing Assets' and 'Approved Major Projects'							
IO1		IO2		IO3		IO4	
Under this option, capacity pressures are not alleviated (despite the introduction of poor-quality capacity back into the network and delivery of AMPs), resulting in potential system failure through overall bed shortages, by the end of 2026, and again by mid-2031. This would lead to ongoing use of poor-quality capacity, overcrowding (and attendant poor outcomes), and ultimately increased risk of small and larger scale risk to staff and prisoner safety. **This option is not progressed.**							

Option 2 – Only do: 'Optimising Existing Assets', 'Approved Major Projects' and 'ACP'							
IO1		IO2		IO3		IO4	

Capacity shortages are addressed to a minimum level over the next five years (with some alignment to the LTNCP, with compromise). However, there would be no plan to: (a) unwind the poor-quality capacity and operational compromises introduced under existing assets optimisation, (b) replace existing poor-quality capacity, (c) address long term mismatches between demand for High Security capacity and availability of these facilities, and (d) create resilience and options to deal with future growth. Based on the 2025 Justice Sector Projections, the same type of capacity shortages anticipated now begin to re-appear in the early to mid-2030s, leading to the same compromises. Furthermore, the 'quick wins' associated with expedited capacity additions to the network have been used, limiting options. **This option is not progressed.**

Option 3 – Only do: Only 'Optimising Existing Assets', 'Approved Major Projects' and 'Future Major Projects'							
IO1		IO2		IO3		IO4	

Option 3 is aligned with the LTNCP as it was endorsed in 2024; for which the need for an ACP solution was not anticipated. Due to continued and accelerated prison population growth, there is a clear requirement for an ACP type of intervention to avoid potential unacceptable system failure through capacity shortages from 2027 - 2029. For this reason, **this option is not progressed.**

Option 4 – Targeted progression of intervention types, with refined sequencing							
IO1		IO2		IO3		IO4	

A combination of all investment types avoids potential system failure in the immediate to near future term and over time improves asset condition and fitness-for-purpose, responds to demand projections, addresses High Security demand gaps, and builds flexibility to respond to future growth. The Programme must factor into its planning – and act to progress – a mix of all intervention types as it moves forward. However, some refinement of AMPs (which may reduce the 'ACP' requirement) could reduce the overall fiscal burden and create flexibility to stage investments (while still achieving the overall objectives of the programme). **This is the Preferred Way Forward.**

Option 5 – All intervention types, no sequencing changes							
IO1		IO2		IO3		IO4	

As per Option 4, a combination of all investment types avoids potential unacceptable shortages in the immediate to near future term, improves asset quality and fitness-for-purpose, responds to demand projections, and addresses High Security demand gaps. However, utilising only ACP to address the immediate to near future term demand/supply mismatch avoids potentially pragmatic options 9(2)(g)(i) [redacted]. **This option is not progressed.**

The remainder of the Economic Case examines trade-offs and scenarios in more detail, outlining how the Preferred Way Forward - Option 4 is progressed, and trade-offs managed, moving forward. The Management Case outlines how decision-making can be sequenced to support Option 4, including how flexibility and adaptability is maintained.

2.3 Sequencing Options

The Preferred Way Forward, Option 4 is targeted progression of intervention types, with optimised sequencing to maximise programme objectives.

2.3.1 Trade-offs with investment types

To explore how OEA, ACP, AMPs and FMPs work effectively as a programme an assessment of each of their benefits was undertaken. This analysis was comprised of assessing the deliverability, disruption, cost, and flexibility of each building block. Factors that make up the Critical Success Factors (CSFs) for the Programme are shown in Table 13.

Table 13: Programme CSFs

Critical Success Factor	Description
Timely Delivery	Provides timely delivery of beds to meet expected population demand as it is needed.
Minimise Cost	Investments minimise cost per bed and minimise fiscal constraints on other investments.
Minimise Disruption	Maximises network continuity during construction periods and minimises disruption.
Flexibility	Assets have a level of flexibility to scale capacity and service delivery if required.
Quality	Provides high quality assets, enabling health and rehabilitation services and the removal of currently identified poor quality beds.
Resilience	The Prison Network is resilient to respond to unexpected events.
Connection	Facilities allow greater connection to community, whānau, and rehabilitative supports.
Purpose	Each facility has a defined clear purpose/criticality, which reflects its role in the network.

Capacity has been excluded from this as it is already captured as a key IO and is not a differentiator across investment types. Applying the CSFs to each investment type provides an assessment of the trade-offs being chosen and/ or accepted by having relatively larger or smaller building blocks of investment types. This creates the ability to select a PWF that maximises benefits while ensuring capacity demand is met throughout the coming years and over the long-term, minimising less favourable outcomes such as lower quality facilities where possible. This assessment is illustrated in Figure 14.

Figure 14: Investment Trade-off Framework

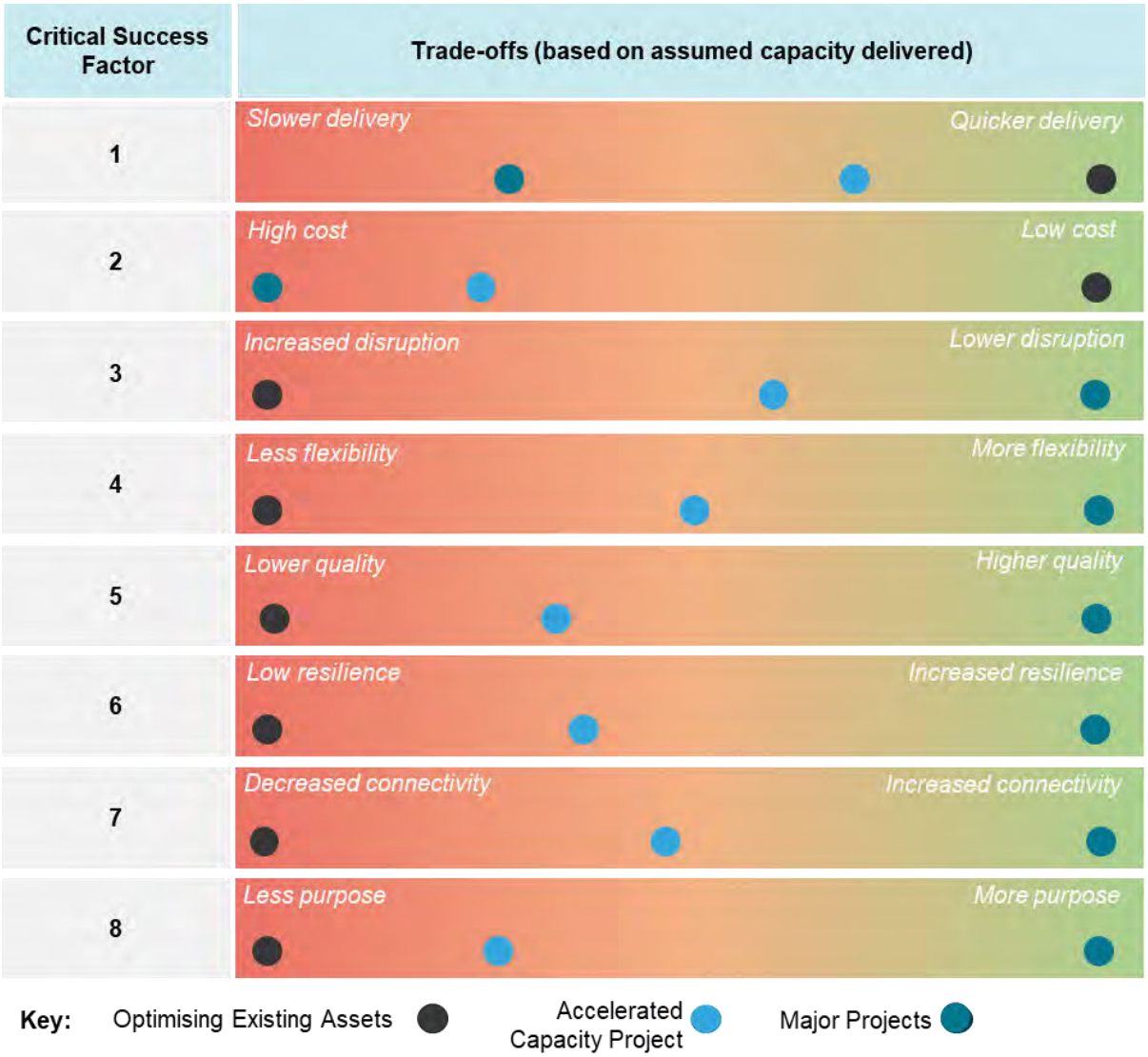


Figure 14 illustrates:

- In the long-term, Major Projects provide better outcomes across the board in terms of strategic priority alignment. However, they require more time for delivery and have a high cost. Having more long-term building blocks, therefore, would not generate the capacity required to meet more urgent demand in a timely manner.
- Through OEA and ACP investments, Corrections can address this time constraint. However, to enable timely delivery, more poor-quality beds will be added to a network through OEA that already has at least ~1,300 High Security beds deemed as poor quality. Maintaining this state over the long term would result in a combination of compromises to service levels, staff, and prisoner safety, and increasing cost to keep these facilities operational.
- While the investments occurring in the next five years limit these negative impacts slightly, they are not a replacement for long-term major projects. Given the quality trade-off combined with the current level of poor-quality capacity in the network, significant investment in the long-term is still needed. The added cost and delivery responsibility of the immediate- and interim- investments is to ensure population demand continues to be met.

The analysis in Figure 13 emphasises differences between investment types to illustrate trade-offs. However, attributes of specific investments may differ to their prescribed investment type. The framework in Figure 14 can also be used to capture key differences (even amongst investment types) or understand how the investment mix should change when external factors change. This framework will aid in the ability of the Programme to adapt over time to changing fiscal and demand environments.

2.3.2 Detailed changes to sequencing – new planning assumptions

Informed by the trade-offs outlined in Figure 14, the following changes to sequencing are proposed, with the rational for each change also noted. There is some flexibility to this sequencing, which will ultimately depend on how the demand-side perspective develops as further analysis is undertaken, especially with respect to the development pathways of the next Strategic Nodes (Auckland Prison and HBRP).

9(2)(g)(i)

Accelerated understanding of potential solutions at Auckland Prison and HBRP	Impact / trade-offs: • If Auckland Prison is prioritised as the next Strategic Node, there is potentially less disruption and lower cost through scale through focussing on a single development. • This would in turn delay commencement of the Hawke's Bay Redevelopment. Programme. • If HBRP is prioritised as the next Strategic Node, capacity may be brought on faster but with less strategic benefit, given Auckland is the area of highest demand.

Further work is to be undertaken to understand potential solutions at Auckland Prison and Hawke's Bay Regional Prison, including longer term quality capacity responses for both men and women, in anticipation of the next single stage business cases requirements.

Current scope assumptions associated with preceding delivery programmes (ACP, CMP RP Phase 1, and Waikeria Phase 2) may anticipate development at Auckland Prison first due to high demand (Auckland region is the area of the highest population growth, over and above the projections the LTNCP was based upon). However, HBRP is more suitable for iterative development and could likely increase capacity faster.

Given the increase in demand at both sites, it is also recommended that four accommodation blocks be signalled for each (noting, at HBRP, one of these is for women's capacity needs).

Women's network solutions complexity	Impact / trade-offs: • Higher cost in the short term (driven by volumes) • Greater focus on resilience, functionality, and connection for a key cohort

Given the acuteness of the actual and projected growth in the women's cohort, the intervention signalled in the LTNCP for women's capacity (as part of the Hawke's Bay Prison Redevelopment Programme – Phase 2) is not timely enough for this key cohort. The levers that address this include OEA for the women's cohort (noting this is not a permanent solution for some units), potentially combined with

bringing forward an investment of the type anticipated in the LTNCP to address long term quality issues. The women's population, including remandees, also typically do not need High Security environments at the same level men do, giving more options for this cohort. This is shown in the PWF by the proposed Hawkes Bay Women's Unit being brought forward, and with a greater capacity amount.

2.4 The Preferred Way Forward

This PBC suggests a PWF (Option 4) that is designed to address the current and expected future capacity demand trends through the assumption that population projections are responded to with capacity management and additions (per Section 1.9.3). This would bring online 7,200 beds over the next 20 years at a whole-of-life-cost of 9(2)(f) . Long-term projections come with a degree of uncertainty, especially with the prisoner populations. This means that this Programme will need to remain flexible to changing capacity demand.

Delivery of prison capacity is subject to a number of real constraints, which increase as the prisoner classification level increases. These constraints include, but are not limited to:

- Delivery Location: Additional capacity, in the short to medium term, must be located on existing Corrections sites, as designation and construction of a brand-new prison is expected to take 8 - 12 years. Existing Corrections sites have varying levels of existing infrastructure, designation, consenting, and other challenges that need to be accounted for in any new development.
- Built Form: Depending on the classification level, there are constraints around the built form and materiality of any development. High-security capacity cells are required to be sufficiently "hard" to allow for potentially up to two high-security prisoners at times for extended periods.

Corrections has adopted the approach of optimising costs within the present constraints. This can sometimes result in a narrower set of project options being considered, with analysis focusing on optimising where possible to reduce whole of life costs and increase operating efficiency. It should also be noted that by taking a whole of network view, the LTNCP looks to optimise investment through focused and scalable investments in Strategic Nodes to create efficiencies and help manage investment in less critical facilities.

The PWF (based on current data) is to continue targeted progression of High Security investments outlined in this PBC and the LTNCP to enable Corrections to meet expected demand for High Security capacity. By optimising existing assets, it is expected that all feasible current capacity within Corrections' network will be opened and added to the network in the immediate term. An ACP solution is also required to avoid risk scenarios in the 2027–2029 period, 9(2)(g)(i) The Major Projects (approved and future High Security investments outlined in the LTNCP) will be needed in the long-term to continue to meet growth in the prison population and enable replacement of existing poor-quality beds. The specific projects under each of these banners are shown in Table 14.

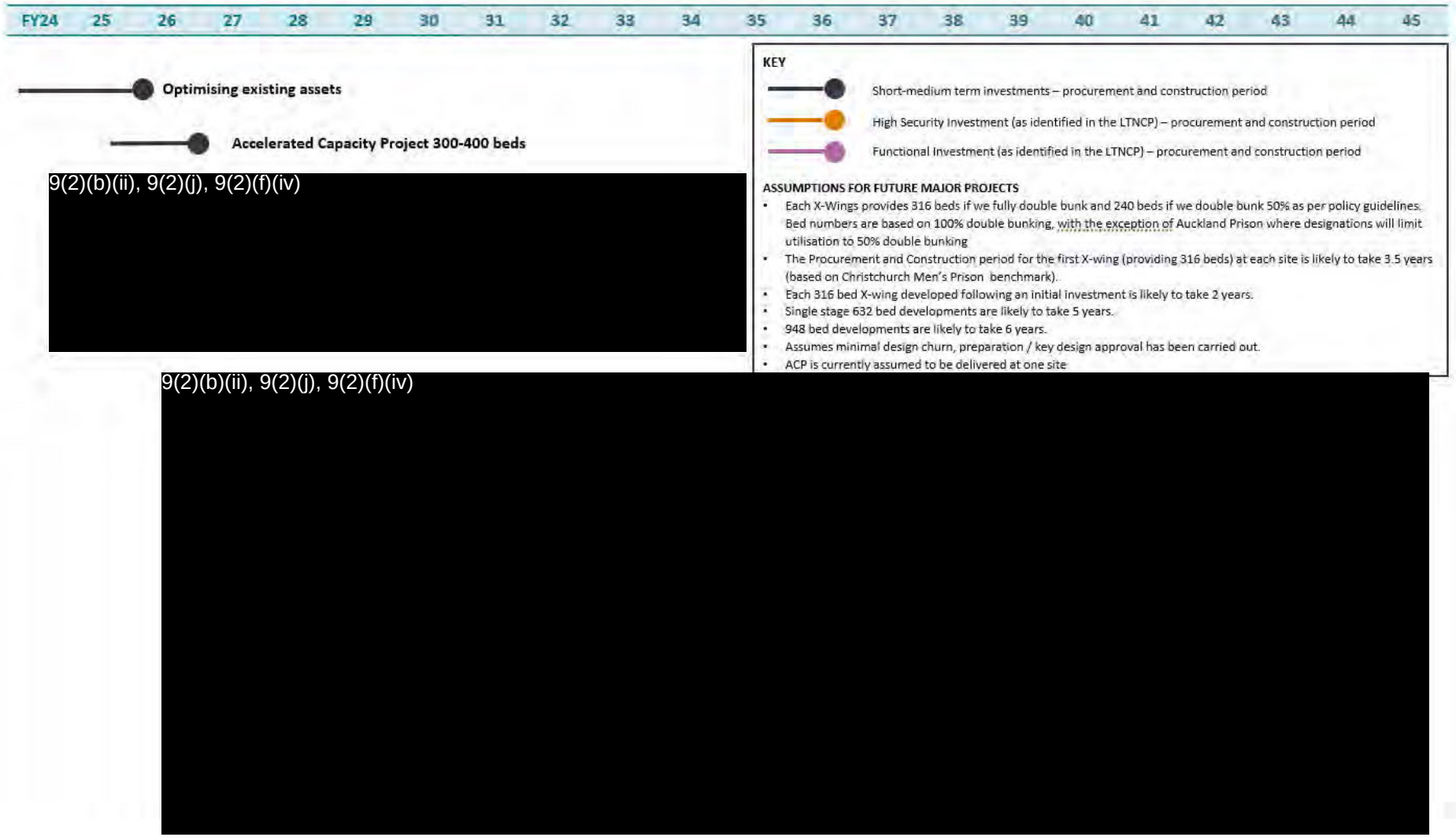
Table 14: PWF Projects

Investment	Scope	Whole of Life Costs ($m), 2024 dollars
OEA	• As specified in Section 2.1.1	
ACP	• Two Units at sites to be confirmed	
AMPs	• Waikeria Phase 2	9(2)(f)
	• CMP RP Phases 1 and 2	
FMPs (Near Term)	• First Phase of Auckland Prison Redevelopment • First Phase of HBRP Redevelopment	

	• HBRP Women's Unit • Youth Facilities
FMPs (Longer Term)	• CMP RP Phases 3 and 4 • Whanganui Prison Redevelopment • Christchurch Women's Prison (CWP) Prison Redevelopment • Manawatu Remand Transit Hub • Invercargill Remand Transit Hub

The Whole-of-life costs (WOLC) are based on the inputs specified in the Financial Case with relevant inclusions and exclusions. As per Treasury guidance, a discount rate of two percent has been used as the central estimate for real, discounted WOLC. The sensitivity rate of two percent has been used to provide a range for these WOLCs. Estimated construction and procurement timeframes of the PWF are illustrated in Figure 15, the 'Plan on a page' for this PBC.

Figure 15: HSC PBC plan on a page



Based on the timings applied in the HSC PBC delivery programme, the expected outcome in terms of capacity in relation to the total prisoner population can be seen in Figure **16**. The cash flows implicit with the delivery of Figure 15 can be found in the Finance Case of this PBC and next steps are described in the Management Case – including the development of an SSBC for ACP.

Figure 16: PWF

6(c), 9(2)(b)(ii), 9(2)(j)

- Figure 16 reflects all high security focussed investment investments from this HSC PBC and the LTNCP, as well as other network investments.
- Ideally, the green good quality bed level would be at the level of the black line. This would be an optimal network situation where there are sufficient good quality beds for forecasted populations, plus 10%.
- The extrapolated planning lines growth (reflecting the latest, increased demand projections) is to the degree that even all signalled capacity additions do not provide this amount, meaning further infrastructure solutions would be needed in absence of downward impacts on demand. This heightens the requirement to begin planning FMP.

2.5 Sensitivities, trade-offs, and flexibility in future scenarios

The LTNCP was written and agreed not as a rigid plan to adhere to, but as a strategic guide to inform future decisions. The introduction of ACP solutions that may involve compromises to the levels of service for new accommodation contemplated in the original LTNCP is a clear illustration of this intent in practice – a long-term plan that bends but does not break.

There are potential deviations to the Plan on a Page at page 42, as well as flow on impacts in how the remainder of the programme is sequenced and prioritised. This is explored with respect to scope of scenarios in Table 15, with further detail provided in the Management Case.

Table 15: Demand scenarios

Scenario 1 – Flex across the men's and women's network
• The Upper Jail located near Rimutaka Prison has been used by the men's and women's Prison Network. It may be possible to flex its usage between men's and women's depending on where the greatest pressure is.
Scenario 2 – Lower demand scenarios
• Given the degree of poor-quality capacity, and resilience beds in use, for the foreseeable future there is little chance of regretful spend on high quality capacity. • **Figure 16** indicates a ~5,000 additional beds required if the Department were to fully invest to meet demand, retire poor-quality and remove resilience beds from day-to-day use. • In fact, this might understate the requirement, as there is likely more capacity to decline in quality over this period.
Scenario 3 – Higher demand scenarios
• Over the longer term, far more commitment to greater amounts of capacity (e.g., less staged developments than assumed in the LTNCP) may be required. • Strategic Nodes (such as CMP, through the CMP Redevelopment Programme), have been developed in such a way as to make increases in accommodation units easier in latter phases.

Managing scenarios such as the above will require adaption to changing population projection levels and on the ground project information. Where changes are required, these will be reflected in updates to the Quarterly Investment Report. More detail can be found on the management of the commercial and interdependency management required of the programme to be able to make changes as required in the Commercial and Management Cases.

3 Commercial Case

This Commercial Case focuses on procurement of the Programme as a whole, as well as for some Programme element separately. The Commercial Case also reflects on previous market engagement undertaken by Corrections, explores opportunities to ascertain more proactive planning and delivery; and provides confidence that the Programme is commercially viable.

Given the number of large infrastructure projects entering the procurement stage at a similar time, there will be significant competition for New Zealand's limited domestic construction resources, meaning Corrections will need to plan ahead to procure the capacity and capability required to complete the Programme. A programmatic and innovative approach will be required to building the High Security capacity (including the Major Projects, as a single build programme) to improve productivity and ease the strain on domestic capacity and capability.

Modern Methods of Construction (MMC) and other opportunities for innovation are explored, noting that Corrections is already adopting MMC disciplines to various degrees already in projects and more generally in standardised design (e.g., High Security X-Wings), and characteristics of the Programme (including the delivery timeframes associated with ACP) provide opportunities for MMC, such as off-site production.

A conclusive approach will be further explored in the subsequent SSBCs associated with each Programme element, as informed by the procurement objectives. However, the following is discussed with respect to procurement considerations across the PWF:

- A high-level overview of the advantages and disadvantages of different procurement models (e.g., Management Contractor, Design and Build), with respect to the ACP.
- 9(2)(g)(i) [redacted]
- The CMP RP is undergoing a procurement process for Phase 1, and lessons learnt will feed into the Programme as a whole.

Major Projects have varying scale, complexity, site requirements, and specific IOs and may benefit from differing procurement models

This Programme is comprised of a range of projects that vary in scope, scale, site location, and timing. Accordingly, the Commercial Case aims to explore key procurement considerations for:

1. **OEA** – addressed through normal Corrections internal processes.
2. **ACP** – focussed on delivering solutions at speed.
3. **AMP** – focussed on capturing lessons learnt and gaining insight from the market to help inform FMP.
4. **FMP** – focussed on delivering fit for purpose long-term capacity solutions of the right type and in the right place.
5. **The Programme as a whole** – focussed on efficiencies across the programme and making an effort that is greater than the sum of its parts, including through Modern Methods of Construction.

Procurement considerations for OEA are not discussed in detail in this PBC. These interventions are already underway and consist of simple pieces of work that are suited to standard procurement models, generally utilising existing suppliers to complete minor upgrades of existing facilities. As such, this Commercial Case focusses on the medium- and long-term investments within the Programme.

3.1 Key Programme-wide considerations

The ACP projects and Major Projects both require commercial approaches that are tailored to the specific investment context but are also considered from a programme-wide perspective to maximise efficiencies and ensure value-for-money investments. These are further discussed in this Commercial Case and include:

- Models that accelerate delivery and optimise whole of life outcomes;
- Bundling services and aligning work programmes within Corrections;
- Co-ordinated individual project, and overall, discussions with the market;
- Using all lessons learned from all market engagements and projects across the Programme;
- Improved governance and programme-based funding; and
- A coordinated approach to MMC, leveraging off approaches being developed through ACP and Waikeria Phase 2.

3.2 Previous Investments

Corrections is experienced in assessing and adopting a range of commercial models that can be used to inform and support the procurement approach for the Programme. As shown in Table 16, this includes extensive expertise in bundled, collaborative, and traditional procurement models.

Table 16: Correction's previous procurement experience

Model	Project
Design, Build, Finance, Maintain (DBFM) PPP	• Waikeria Prison Development, delivering up over 722 High Security total beds by 2025. • AP Redevelopment delivered maximum-security beds for 260 prisoners by 2018. • CMP Phases 1 and 2 for around 632 High Security total beds (*in progress*)
Design, Build, Finance, Maintain, Operate (DBFMO) PPP	• Auckland South Corrections Facility (ASCF) for up to 960 day-to-day beds and became operational in April 2015.
Design and Build (D&B)	• Refurbishment of Auckland Central Remand Prison (ACRP) in 2006 as separate design, construction, and prison management outsourcing contracts. • Refurbishment of Mount Eden Corrections Facility (MECF) Buildings A, B, and Gatehouse) in 2011.
Alliancing / Collaborative Working Arrangement (CWA)	• Regional Prison Development Programmes (RPDP) at Northern Region Corrections Facility (NRCF) in 2005. • Spring Hill Corrections Facility (SHCF) in 2007. • Auckland Region Women's Corrections Facility (ARWCF) in 2007. • Otago Corrections Facility (OCF) in 2008. • Note these numbers are based on original cap
Construct only	• Mt Eden Corrections Facility Building C

3.4 Required Programme Services

The investments included in the Programme range in scope from minor works upgrades to the development of standalone prison facilities. A range of different goods and/ or services will be required to increase capacity by delivering the investments included in the PWF as set out in the Economic Case. It is important to note that each project included in the Programme may require a different combination of the services outlined in Table 17Table 17, i.e. not all services will be applicable to every project or site. Specific procurement considerations based on the Programme services required for ACP and Major Projects are included in Sections 3.7 and 3.8 in this PBC.

For specific services required to deliver new long-term High Security capacity, there are significant benefits to Corrections coordinating delivery at a Programme level – noting that the specific construction arrangements for each site will be kept separate. For specific services required to deliver new long-term High Security capacity, there are significant benefits to Corrections coordinating delivery at a Programme level – noting that the specific construction arrangements for each site will be kept separate. In other areas in the value chain (e.g., design and Electronic Security Systems (ESS)), programme-wide commercial packages across Major Projects are likely to be beneficial or mandated (e.g. for client-side design services to ensure consistency of design).

Table 17: Required Programme Services

Services	Description
Design	• Corrections already has a reasonably robust design for its High Security accommodation units from previous projects at Waikeria and now CMP (the X-Wing design), however supporting services and buildings will vary for different sites. For those sites requiring supporting services and infrastructure, these will need detailed and robust designs. • There is potential for Corrections to utilise existing low security facility designs and adapt these to meet the requirements of a High Security facility. This can provide design efficiencies and potentially increase the speed of delivery. This could be used in initiatives where accelerated delivery is needed e.g., ACP. • Corrections may separately engage design consultants to develop detailed, standardised designs (e.g. for an X-Wing) that can be used across a range of suppliers and across the Programme on all relevant High Security investments. This could be necessary if Corrections decides to increasingly use production-based approaches to delivering new accommodation, as discussed further in this HSC PBC. The design IP would remain with Corrections and lessons learned could be incorporated across the rest of the Programme. This could factor in the Custodial Design Framework and Standards, and equally, inform updates to these artefacts. • For large-scale individual Programme investments, Corrections may require the private sector to develop comprehensive bespoke designs for each site as part of their proposals.
Construction	For individual investments or sites, the private sector is likely to deliver physical works at each site, which could include: • demolition, earthworks, and site preparation; • construction and fitout of buildings and facilities; • construction of centralised support and ancillary buildings for the delivery of services, prison functions and prisoner worker industries; • backbone infrastructure for information technology; and • specified furniture, fittings, and equipment. Should MMC solutions be deployed to deliver efficiencies across the Programme, Corrections may separately engage construction contractors to construct modularised components or individual building elements.

Services	Description
Asset Management (AM) and Facilities Maintenance (FM)	Corrections' current AM/FM arrangements include national contracts across the estate with unique arrangements for certain sites by exception e.g. PPPs. • AM aims to maintain a facility's overall asset condition across its lifecycle through necessary refurbishments and replacements such as performing structural repairs, and periodic replacement of key structural components such as roofs, windows, and gates. It also includes items such as maintaining asset data collection and reporting. • FM ensures the efficient operation of prison facilities to Corrections' required performance standards, covering routine maintenance and essential services such as cleaning, waste management, landscaping, and utility management. • For minor work on existing facilities, Corrections may be able to utilise existing AM/FM suppliers for efficient service delivery. For larger projects, Corrections will engage the private sector to provide AM and FM services at each site over an agreed operating term. Both new and existing AM/FM suppliers are required to maintain each High Security site to the performance standards specified by Corrections, including rectifying incidents in a timely manner.
Electronic Security Services (ESS)	Corrections' ESS are currently delivered and managed at an enterprise level to ensure consistency of operations and approach. This approach will likely be applied to the Programme and ESS will be embedded into a national contract.
Custodial services	Corrections provides core custodial services at all sites except for ASCF. Investments of significant value will (consistent with Cabinet guidelines) need to consider whether the service component can be privately provided as well.

3.5 Market considerations

3.5.1 New Zealand's Infrastructure Pipeline

The projects in the National Infrastructure Pipeline,[1] administered by the New Zealand Infrastructure Commission, are valued at $204 billion as of the latest quarterly update, 26 February 2025.[2] This includes all active and planned projects from central government, local Government, and private sector infrastructure providers from across the infrastructure system.

Given the number of large infrastructure projects entering the procurement stage at a similar time, there will be significant competition for New Zealand's limited domestic construction resources, meaning Corrections will need to plan ahead to procure the capacity and capability required to complete the Programme. A programmatic and innovative approach will be required to building High Security capacity to improve productivity and ease the strain on domestic capacity and capability.

3.5.2 Construction market landscape

New Zealand's vertical construction market is comprised of:[3]

1. **International contractors:** These are large international firms with significant major project expertise, increased ability to manage project risks and greater balance sheet capacity, but without established domestic contractor and supply chain relationships. These barriers to entry mean that large international contractors participate in the New Zealand market infrequently and typically must partner with local suppliers with an existing workforce. Increasing, we are seeing international contractors are partnering with domestic contractors.

[1] New Zealand Infrastructure Commission, Te Waihanga. "Pipeline Snapshot". Accessed 7 March 2025.

[2] Beehive, "Infrastructure Pipeline continues to grow", Accessed 9 April 2025.

[3] Figure ranges are indicative only.

2. **Domestic Tier 1 contractors:** New Zealand-based firms capable of delivering major projects with capital expenditure typically not exceeding $500 million. It is unusual for domestic Tier 1 firms to bid for projects in excess of this value due to the greater associated financial and legal risks (including balance sheet capacity and bonding requirements), greater project complexity, resource availability, and economic uncertainty.
3. **Domestic Tier 2 and 3 contractors**: New Zealand-based firms capable of delivering projects with capital expenditure typically between $50 and $250 million. Tier 2 and 3 contractors are unlikely to bid for larger projects where their complexity and resource requirements typically exceed their firms' risk appetite and balance sheet capacity, meaning these firms often partner with other contractors in a consortium or Joint Venture (JV)-type arrangement.
4. **Existing AM/FM providers**: The recent CMP market engagement highlighted a competitive AM/FM New Zealand market with both international and domestic providers showing readiness to engage with large scale Corrections' projects.
5. **Subcontractors and wider supply chain:** Specific construction trades and services provided by major, local, and specialist subcontractors, with capacity and capability varying based on location of development**.**

Auckland accounts for roughly 40 percent of New Zealand's national construction activity, with access to well-established supply chains and workforce compared to regional locations such as the Hawke's Bay. However, large scale projects such as City Rail Link have led to significant demand for resources in Auckland, resulting in workforce shortages and project delays. This presents an opportunity for Corrections to leverage the benefits of a programmatic approach to delivering High Security capacity by considering market capacity and supply chain depth when determining its packaging approach.

While New Zealand often faces challenges in securing the necessary expertise and capacity to effectively execute its own large public infrastructure initiatives, there has been a recent downturn in demand for non-residential construction on the Australian East Coast, meaning international contractors with an interest in Australasia may have more capacity to use across the New Zealand market.

Recent market engagement highlighted that a range of procurement models are suitable for projects, with contractors emphasizing the importance of collaboration during the design and pricing phases. While regional constraints have been acknowledged, insights into local supply chain constraints suggest that with proper planning, these challenges can be managed, and a consistent work pipeline is essential for maintaining workforce stability. Additionally, while offsite manufacturing is supported, concerns regarding domestic market capacity and the ability to quantify savings before design development were raised.

3.5.3 Commercial viability

The Programme includes a range of projects varying in term, location, scale, and complexity. It has the ability to attract large international players where necessary for large/ complex developments, while also supporting the development of the local market via smaller or less-complex investments that are better suited to smaller contractors and regional construction supply chains. Corrections should tailor contracting models to local context and site-specific considerations whilst leveraging planning and delivery efficiencies, such as standardised designs and MMC.

3.6 MMC and other opportunities for innovation

MMC is an overarching term for innovative construction methods like modular building systems, shifting major construction elements from traditional on-site methods to controlled factory-type settings. MMC is increasingly popular due to its ability to enhance productivity, reduce lifetime costs, and improve final product quality. In a correctional facilities context, modularisation and prefabrication can be used to mass-produce individual cell elements or construct entire High Security prison cells off-site. Importantly, the preferred MMC methods for ACP and Major Projects may vary based on delivery priorities, and programme considerations.

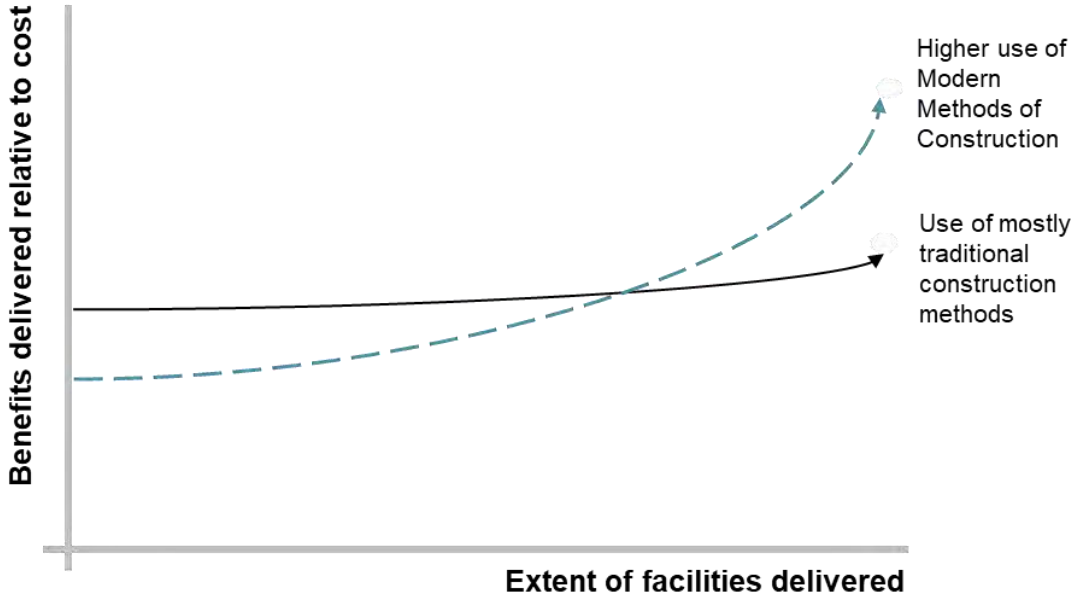
A 2024 report developed for Corrections outlines MMC opportunities within the Programme. Corrections believes that the Programme demonstrates attributes where investment in MMC solutions may deliver positive net benefits over the life of the programme. The range of benefits are set out in Table 18 with the applicability dependent on the specific application and type of project MMC is used in.

Table 18: Benefits of MMC solutions to Corrections

Benefit	Description
Speed of completion	MMC solutions allow for consistent and repeatable work that creates speed efficiencies, which would help Corrections to deliver high-security capacity quickly.
Reduced site disruption	MMC solutions, such as off-site construction, can minimise Corrections site disruption by reducing potential contractor interactions with staff and prisoners, supporting operational continuity, and reducing/ mitigating safety risks. Reducing site disruption may also help to speed up construction and reduce overall programme costs.
Quality	Corrections could utilise MMC solutions to implement their standardised cell designs that meet security and safety requirements and are applied uniformly across the wider Programme. This supports predictable construction and performance across Corrections sites, helps to support operational efficiencies, and can improve wellbeing outcomes across the Prison Network.
Cost	Significant cost savings can be realised through project scale and repeatability of MMC solutions using standardised designs, especially when paired with an effective offsite production setup that balances transport and set-up costs. Maximising cost efficiencies for the establishment of large-scale facilities are critical to ensuring that Corrections meets its IOs and enhances network performance.

The potential cost benefits of MMC are highly related to the proposed implementation scale as shown in the stylised Figure 17.

Figure 17: MMC benefits delivered relative to facilities delivered (stylised view)



In Figure 17, the blue and black lines intersect at the point where the benefits of delivering a project with higher usage of MMC outweigh the benefits of using a more traditional delivery approach. During a recent market engagement, John Holland advised that MMC cost efficiencies are gained where the project size is at least 400-500 double bunked cells which matches the size of some of the larger redevelopments considered by, and making up, the Major Projects programme.[4] The ACP projects will likely not achieve the scale required to optimise cost efficiencies, but MMC may provide other qualitive benefits such as delivery speed and minimal site disruption.

While MMC may entail higher upfront costs due to developing standardised designs, establishing plant, and selecting preferred suppliers to support their specified MMC solution(s), these investments yield long-term financial and qualitative benefits. For instance, in the United Kingdom, the His Majesty's Prison Five Wells project achieved 30 percent fewer onsite resources and 22 percent faster delivery through 80 percent design standardisation, relevant to high-security designs.

3.6.1 Applying MMC going forward

Corrections have various commercial options for implementing MMC, balancing control over design methodologies with the complexity of execution. The success of the overarching approach of implementing MMC in the High Security programme hinges on:

1. **Development and Coordination of Overall Approach**: A Programme-wide strategy is essential for integrating MMC into ACP and Major Projects to create strategic investments. This approach will ensure a consistent pipeline of work and optimise upfront MMC investments.
2. **Ongoing Engagement with Supplier Market**: Regular engagement with the domestic construction sector, including MMC suppliers and contractors, is crucial for communicating desired outcomes and understanding industry capacity. This process will help identify standardisable design elements and assess potential time and/or cost savings from MMC solutions.

[4] John Holland "Modern Methods of Construction ", Accessed 5 June 2025, p. 20.

3. **Test Revised Risk Allocation with the Market**: Mandating the use of Correction-owned designs or working with specific MMC suppliers alters risk allocation, particularly in bundled contracts that typically transfer significant design risk to the private sector. This may increase whole-of-life risk for MMC elements, necessitating a revised risk allocation that should be tested with suppliers and properly documented in contracts to ensure value for money.
4. **Application of MMC to Different Commercial Models**: The integration of MMC into projects will depend on factors such as the flexibility of commercial models and supplier mandates regarding designs and MMC providers. While integrated MMC solutions can offer efficiencies, Corrections will continue to depend on private sector innovations for bespoke elements and whole-of-life asset management at individual High Security prison sites.

Corrections is adopting MMC disciplines to various degrees already:

- **Waikeria Phase 2** –exploring increasing productionised delivery of cells.
- **Standardised design** – through high security X-Wings and other buildings.

Similarly, delivery timeframes associated with ACP inherently require a degree of off-site production. It is important that lessons learnt from these areas inform how the 20-year Programme is delivered. Establishing a dedicated MMC function within Corrections could enhance the application of MMC solutions across the high-security investment pipeline, overseeing design development, managing interfaces and supplier management. This is explored in the Management Case.

3.7 Procurement objectives

Corrections has established the following procurement objectives for the Programme. These objectives have been informed by the recent CMP RP Detailed Business Case, a project that aligns with the scale and scope of large-scale projects included under the long-term Major Projects but are still relevant to the Programme as a whole. Given the diverse nature of the projects within the Programme, the weightings and rankings of these objectives included in Table 19 will vary accordingly.

Table 19: Procurement objectives overview

Procurement objective	Objective description
Efficient and Effective delivery	Efficient delivery of project scope while effectively managing market constraints such as domestic market capacity and capability limitations.
Incentivising Timely Delivery	Encouraging contractors to complete the projects within the agreed timeframes by providing performance-based incentives.
Optimising WOLC	Sustainably optimising the total cost of ownership and reflecting actual capital and operating costs.
Effective Risk Management	Allocation of risk to parties best placed to manage them based on factors such as organisational risk tolerance, size, market position, regulatory environment, experience, economic environment, and financial position.
Staging Flexibility	Staging flexibility enables the Programme to plan initial phases while considering the delivery of later phases, ensuring that early progress does not hinder future developments.
Incentivising Innovation	Innovation is sought across the Programme in the following areas: • Models and approaches which are consistent with potential programme wide innovations (e.g., infrastructure production) would be beneficial.

Procurement objective	Objective description
	• Sound asset management practices and whole of life optimisation, consistent with the emphasis across Government, will be sought after. • Innovation will also be sought on efficiencies for timely delivery.

3.8 Accelerated Capacity Project

The overall commercial approach to ACP is still under development, and will be confirmed in the ensuing ACP SSBC, noting the following considerations.

Procurement models

Where appropriate, advisory services required by December 2025 will likely be procured via a direct appointment from available panel agreements (Construction Consultancy Services and Legal Panel) or Corrections will opt for additional Statements of Work appended to existing agreements. This will allow fast procurement and progress towards delivering the required beds.

Longer-term procurement options for the physical works could consider a range of approaches as outlined in Table 20. Supporting speed of delivery will be the biggest driver in model selection. If required to support timelines, ACP may commence procurement of physical works ahead of Cabinet approval of the SSBC, noting that off-ramps would be clearly stipulated to ensure no work is progressed without the appropriate approvals in place.

Table 20: Procurement Model Considerations

Procurement model	Advantages	Disadvantages	Strategic Fit
Direct Source	Fast deployment, proven solutions, predictable costs	Limited design customisation, integration risks	Aligns with urgency required for early phases
Department-supplied Design	Maintains control of design intent, potential cost savings	Higher design responsibility on Department, may limit innovation, may increase delivery timeline	Aligns with Department standards
Nominated Contractor	Greater oversight of specialist trades or systems, quality control	Coordination risk between contractor and nominated party(s)	Best for critical components where systems require the use of known or trusted suppliers
Managing Contractor	Enhanced coordination, single point of accountability, flexibility in design and execution	Potential for increased costs, reliance on contractor's management capabilities	Aligns with complex programmes and projects requiring effective management and collaboration among multiple stakeholders
D&B	Single point of accountability, streamlined delivery, effective for repeatable solutions	Scoping risk, less design control	Efficient for modular/precast where designs are developed and speed/repetition desired

Procurement model	Advantages	Disadvantages	Strategic Fit
Design, Build, Maintain	As per D&B with single point of accountability extended to encompass ongoing, resulting in greater focus on whole-of-life management	Potentially impractical other than with incumbent maintenance providers. Practical considerations around interface with existing maintenance arrangements, additional lead time to put in place	Aligns with delivering value for money facilities that will ensure ongoing maintainability and availability

While speed is a priority, it is still important to deliver value for money and probity will not be compromised throughout the procurement process. The Department will also have regard to Government Procurement Rules when assessing options for sourcing.

Parallel delivery

Derisking the schedule for delivery may require parallel delivery of items where possible. For example, Corrections will consider the procurement of an Enabling Works Contractor at the same time as procuring project management services and probity advisors. This will allow for the delivery of early works as required, site infrastructure upgrades, ancillary upgrades, and site preparation as quickly as possible to get the site ready for new infrastructure.

3.9 Major Projects

As a whole, combined with ACP, the Programme represents a significant opportunity for Corrections and wider New Zealand to help build the market around vertical infrastructure and practices within it – standardised design, MMC and generally more strategic procurement across a well-articulated supply chain.

Approved Major Projects

9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii) [redacted] The CMP RP is undergoing a procurement process for Phase 1, and lessons learnt will feed into the Programme as a whole.

Future Major Projects

Major Projects have varying scale, complexity, site requirements, and specific IOs and may benefit from differing procurement models. For example, if a proposed investment is more standalone in nature and of high scale, it may be attractive to both local and international contractors and investors and potentially suited for delivery under a DBFM PPP. On the other hand, more iterative, smaller developments of sites may benefit more from a traditional procurement approach due to factors such as the scale of individual work packages, the likely need for staging, market capacity considerations, and the level of integration (along with the associated risk management and mitigation) required with the existing site.

Custodial services

Further analysis will be conducted on the merits and trade-offs of incorporating custodial services within the Public-Private Partnership (PPP) framework, for projects suited to a PPP model specifically as a DBFMO or DBFM arrangement. It is expected that the tension between procuring a privately-operated prison (under a DBFMO) and mandating any client-specified designs (under programme-wide MMC initiatives) will be a key consideration for whether a DBFMO approach is viable for the investments (alongside broader considerations relating to private operation prisons, including expertise needed in areas such as rehabilitation and specialist healthcare services). A potential limitation of DBFMO is reduced operational flexibility due to the complexities involved in redeploying existing custodial staff from Corrections-managed prisons to a DBFMO prison in response to operational requirements.

Staging

Staging is another key consideration for this Programme. Staging spreads the required workload over a longer period, allowing for smaller packages of work which may increase market capacity (particularly for smaller market players and for regional developments), and provides the opportunity for the private sector to build capacity over time. Staging flexibility also enables the Programme to plan and commence delivery of initial phases while considering the delivery of later phases. Note – horizontal and vertical staging are also potentially viable options e.g., vertical staging may derisk delivery interfaces with live prisons by focusing works on specific areas. As it tends to be difficult to achieve value for money with a staged approach to PPP delivery due to incumbency issues with equity and operations providers, some jurisdictions do not recommend PPP models for projects with staged delivery.

3.10 Risk

3.10.1 Risk Allocation

Across the Programme, the Crown will seek to optimise how much risk is allocated to the private sector in developing and managing these facilities where the private sector is best placed to manage these risks. The Programme will approach risk management on a project-by-project basis, ensuring risks are allocated fairly through the selection of suitable procurement models and accompanying mechanisms for performance and payment. Corrections will aim to optimise market appetite to drive competitive tension, which can lead to more effective risk allocation and better value for money. Proposed project risk allocation will be informed by engagement with the market and the learning from other large-scale projects.

3.10.2 Commercial risks

Key risks associated with the Programme and potential mitigations are outlined in Table 21. Individual project risks will be further explored at the individual business case level.

Table 21: Key risks

Risk	Description	Possible mitigation
Market capacity constraints	There is a significant pipeline of large infrastructure projects across New Zealand that may reduce the number of contractors available to undertake the programme.	• Develop a programme-wide commercial approach that attracts construction firms and equity investors that are new to the New Zealand market, whilst also using and strengthening local supply chains. • Right-size packages to be suited to the range of market players

Risk	Description	Possible mitigation
Siloed projects	The High Security programme has a range of investments differing in location, scale, and objectives, potentially leading to fragmented planning and delivery for ACP and Major Projects. A piecemeal approach risks missing efficiencies that a clear and cohesive strategy would provide.	• Consider the projects from both an individual perspective and a programme-wide view, such as in this PBC. • Set up governance and programme structure and approval pathways that support sufficient internal collaboration.
Interfaces with existing facilities	Corrections recognises the significant interface risks involved with constructing new High Security prison capacity adjacent to a 'live' operating facility. This may include challenges related to design risk transfer, security, and custodial operations.	• Consider developing new facilities as standalone high-security sites. • Employ MMC solutions such as off-site modular construction to minimise the duration of contractor presence on-site.
Interfaces with existing PPPs	Risks arising from delivering new high-security capacity next to a PPP prison, particularly when shared infrastructure or physical boundaries could impact the PPP performance regime or site access.	• Implement vertical staging and packaging to reduce disruption to specific areas while allowing other parts of the facility to continue operating.

4 Financial Case

This Financial Case outlines the financial implications of the Preferred Way Forward 'Option 4 – Targeted progression of intervention types, with refined sequencing' as outlined in the Economic Case.

The total indicative capital investment from 2024 – 2045 is 9(2)(f)(iv), across all investment types including additional investment funding to be sought of 9(2)(f)(iv), . The total indicative operating expenditure over the Treasury forecast period (25/26 to 29/30) is 9(2)(f)(iv), including additional investment funding to be sought of 9(2)(f)(iv), with an operating baseline increase at the end of the 20 years of approximately 9(2)(f)(iv), .

CAPEX ($ millions)	24/25 - 29/30	30/31 - 34/35	35/36 - 39/40	40/41 - 44/45	Total
Approved	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)				
ACP					
CMP Phase 2					
FMP Near Term/Tranche 1					
FMP Longer Term/Tranche 2					
Sub-total Capital					
Less self-funded					
Less Approved (incl. self-funding 9(2)(b)(ii), 9(2)(j)					
Total external Capital to be sought					

OPEX ($ millions)	Treasury Forecast Period (25/26 to 29/30)	Out-year Project Opex (one-off during Delivery)	Ongoing Opex (per annum) at the end of 20 years
Approved	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)		
ACP			
CMP Phase 2			
FMP Near Term/Tranche 1			
FMP Longer Term/Tranche 2			
Total			
Less self-funded			
Less Approved (incl. self-funding)			
Total external Operating to be sought			

More detailed costings will be developed as part of the business cases for the individual projects of the programme, which will also consider the prioritisation of internal funding.

Note that the Approved Major Projects (including Optimising Existing Assets) have allocated or approved funding already so are included to show the overall investment but not included in the

funding sought. The Accelerated Capacity Project Single Stage Business Case, which is set to go to Cabinet in August 2025 will be seeking approval for self-funding from existing baselines.

4.1 Overview

This Financial Case outlines the financial implications of the PWF 'Option 4 – Targeted progression of intervention types, with refined sequencing'. This option includes a number of workstreams over the timeframe of the programme including: OEA, ACP, and FMP which is based around the High Security Capacity components of the LTNCP that was presented to Cabinet in October 2024. For completeness, AMP have also been included both from an additional High Security capacity perspective as well as showing the overall investment.

Note that the majority of the OEA and AMP have allocated or approved funding already so are included to show the overall investment but not included in the funding sought.

4.2 Funding Requirements

Table 22 identifies funding already approved or allocated as well as programme initiatives yet to have their funding confirmed to provide a total investment picture for High Security capacity.

Based on current estimates the overall High Security capacity programme is expected to be in the region of the values outlined in the tables below.

Table 22: Indicative Programme CAPEX - Approved/Allocated Funding

	CAPEX ($m)				Total
	24/25 – 29/30	30/31 – 34/35	35/36 – 39/40	40/41 – 44/45	
CMP Phase 1*	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)				
Waikeria Phase 2					
Optimising Existing Assets					
Sub-Total					
Less self-funding					
External funding contributed					

*Note there are outyear capital costs associated with debt repayment past 44/45

Table 23: Indicative Programme CAPEX - Future Projects Funding Requirements

	CAPEX ($m)				Total
	24/25 – 29/30	30/31 – 34/35	35/36 – 39/40	40/41 – 44/45	
ACP	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)				
CMP Phase 2*					
FMP Near Term/Tranche 1					
FMP Longer Term/Tranche 2					

Sub-Total	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)
Less self-funding (TBC)	
External funding to be sought	

*Note there are outyear capital costs associated with debt repayment past 44/45

The high-level costing methodology and key assumptions utilised are included below by workstream and more details have been discussed with Treasury and are available on request. A breakdown of the costs in Table 23 by individual project is included at Table 24.

More detailed costings will be developed as part of the SSBC's for the individual projects of the programme and these will inform the Quarterly Investment Reporting (QIR) where values or timing change.

The costs in Table 23 are based on the following approach per workstream:

Approved Major Projects

These projects are largely based on previous Corrections builds adapted for site requirements, and in particular Waikeria Phase 1 due to recency of information and experience. The values have been the subject of internal and external reviews, including Treasury PPP experts. CMP Phase 1 capital values are for Retained Costs of the project with the indicative PPP profile included as operating. Waikeria Phase 2 is based on the tagged contingency allocated in Budget 2024.

Optimising Existing Assets

These costs have been developed utilising feasibility studies and assessment against other projects of a similar nature and have gone through internal approval channels including portfolio and enterprise governance.

Accelerated Capacity Project

As per the Strategic and Economic Case, the need for ACP has eventuated in response to a prisoner population which continues to grow at a significantly higher rate than the JSP population forecast that was used in the LTNCP. This has identified the potential for significant capacity deficits to arise prior to the completion of Waikeria Phase 2 and CMP Phase 1.

An initial capital estimate has been created based on a broad understanding of the physical works required to complete the ACP. This was done via the creation of unit costs per cell for the anticipated investment approach examined as part of the ACP and utilisation of costs and experience from previous projects and those in-flight. These are shown in Table 23 and it is expected that significant refinement will occur in the SSBC and that the estimates included in this PBC are high-range ballpark figures.

Future Major Projects

The individual projects within FMP are aligned to the LTNCP with the costings incorporated being high level and utilising the same costing methodology.

The capital expenditure estimates are escalated values based on a traditional D&B project. At the budget submission stage alternative profiles for a PPP will be provided where that has been approved as the preferred delivery option. An example is CMP Phase 1 where the capital values are for Retained Costs with the indicative PPP profile included as operating.

It is likely that there will be flow-on impacts to which projects are progressed due to these capacity increases. This includes bringing forward of projects or reprioritising such as for the women's population which has seen a significant capacity increase, particularly for those required to be held in High Security units. This is likely to require different capacity build requirements and sequencing to ensure capacity is available to meet the increased demand. This will be reflected in future Quarterly Investing Reporting (QIR) and SSBC's as developed.

Table 24: Indicative HS PBC Infrastructure related incremental OPEX – Approved/Allocated Funding

	OPEX ($m)		
	Treasury Forecast Period (25/26 to 29/30)	Out-year Project Opex (one-off during Delivery)	Ongoing Opex (per annum) at the end of 20 years
CMP Phase 1	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)		
Waikeria Phase 2*			
OEA			
Sub-Total			
Less self-funding			
External funding			

*Note the financial profile for Waikeria Phase 2 will change at financial close to reflect PPP cashflow.

Table 25: Indicative HS PBC Infrastructure related incremental OPEX – Future Projects Funding Requirements**

	OPEX ($m)		
	Treasury Forecast Period (25/26 to 29/30)	Out-year Project Opex (one-off during Delivery)	Ongoing Opex (per annum) at the end of 20 years
ACP	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)		
CMP Phase 2*			
FMP Near Term/Tranche 1			
FMP Longer Term/Tranche 2			
Sub-Total			
Less self-funding			
External funding			

*Note, CMP Phase 2 reflects an indicative PPP financial profile.

**Depreciation and Capital Charge are approximately 85 percent of Infrastructure related Opex costs

Infrastructure related operational expenditure has been developed at a high level on a similar basis to the LTNCP and Programme capital expenditure. These are largely calculated on a percentage basis of estimated capital costs, which considers the complexity and other variables such as support buildings and functions and have been refined using recent projects such as Waikeria Prison and Christchurch Men's Prison developments. In addition, a one-off operationalising component has been incorporated to reflect the setup, implementation, and transition to the new facilities. This approach has been discussed with Treasury and incorporated into Budget 24 Waikeria and Budget 25 CMP bids.

Infrastructure related operating expenditure excludes any operating costs related to an increase in prisoner volume and related impacts. Established practice across recent Budgets (Budget 24 and Budget 25) has been for staffing and offender costs to be sought on a network-wide basis and in consideration of prison population trends. They therefore cannot be determined relative to one facility alone. This approach has been used in Budget 24 and Budget 25 Prisoner Population submissions as well as for the Waikeria Phase 2 and CMP Redevelopment Phase 1 projects. Treasury has been taken through the underlying model and reasoning for this approach.

The future investments in the Programme broken down by stage and individual project is set out in Table 26.

Table 26: Indicative HS PBC Values broken down by Stage and Individual Project

Site / Phase	Capex $m FY 24/25–44/45	Project Opex $m	Ongoing / out-year Opex (per annum) $m
ACP	9(2)(f)(iv), 9(2)(j), 9(2)(b)(ii)		
CMP Phase 2			
ACP & CMP Phase 2 Totals			
Auckland Prison Phase 1 – High Security			
HBRP Phase 1 – High Security incl. Women's unit			
SHCF Youth Unit			
FMP Near Term / Tranche 1			
Hawkes Bay Phase 2 - High Security			
Hawkes Bay Phase 3 - High Security			
Auckland Prison Phase 2 - High Security			
Auckland Prison Phase 3 - High Security			
CMP Phase 3 (incl. Functional Investment / Max Security unit)			
CMP Phase 4			
Whanganui Prison Phase 1			
Whanganui Prison Phase 2			
Christchurch Women's Prison (CWP)			
Invercargill Remand Transit Hub			
Manawatu Remand Transit Hub			
FMP Longer Term / Tranche 2			
HSC PBC future investments total expenditure			
Less self-funding contribution			
Total external funding to be sought			

4.4 Funding Sources and Programme Affordability

The delivery of the HSC PBC to meet the current and anticipated prison population across the men's and women's networks will be dependent on funding being available through future Budget processes balanced against other Government priorities.

As noted, the majority of the OEA and AMP have allocated or approved funding already so are not included in funding sought.

To meet the more immediate potential capacity gaps resulting from higher and earlier forecast prison population increases Corrections is exploring all levers available. 9(2)(g)(i) [redacted]

The majority of the remaining programme will require Crown funding supplemented by a Corrections baseline capital funding contribution where the agency is able to balance this against CO (23)9 financial asset stewardship requirements for existing assets. As a capital-intensive organisation, Corrections has carefully stewarded its capital reserves against known replacement requirements of a $5.1 billion asset base. The ability to prioritise internal capital funding reserves will be revalidated each year as part of the annual Capital Plan exercise and then incorporated within QIR and individual SSBC's as applicable. It will include the prioritisation of existing capital plan intentions, as well as existing funded programmes.

Current Corrections capital planning intentions includes an $100 million contribution to CMP Phase 1 in 25/26 (to cover Phase 1 and 2). A decision to self-fund 9(2)(f)(iv), [redacted] capital for the ACP project has required significant reprioritisation of internal capital intentions and capital reserves. This will have the impact of not having capital reserves to contribute to future LTNCP investments until reserves have built back up.

5 Management Case

This Management Case sets out the approach for delivering the Programme.

The next significant step recommended is the development of an Accelerated Capacity Project Single Stage Business Case (including planning, analysis, and cost estimates), targeting the potential for an acute capacity gap between 2027 and 2029.

Additional to this, the wider Programme will continue the mixture of delivery and planning required to achieve its objectives and support the critical path associated with delivering sufficient High Security capacity. The initial steps to achieve this are:

- Optimising Existing Assets (dependency) – Continue delivering via internal Corrections project management processes and internal funding.
- Approved Major Projects – Procurement of new capacity and support bringing new capacity into service.
- Future Major Projects – Undertake further work to accelerate the understanding of potential solutions at Auckland Prison and Hawkes Bay Regional Prison in anticipation for the next two Single Stage Business Case(s). Progress the Auckland Prison Resource Management Act (RMA) Fast Track process and develop long-term site development plans for Auckland Prison and Hawkes Bay Regional Prison, and adaptable approaches to Youth and Women's cohorts.

An indicative summary of key Programme milestones is provided in the Table below.

Indicative key milestones	Estimated timing
High Security Capacity PBC	Q3 (July) 2025 (to Cabinet)
ACP SSBC developed	By July 2025
9(2)(f)(iv) [redacted]	
Further Approvals Sought	Future Budgets
FMPs	(Exploratory work continues onwards Q3 2025)

The Major Projects Portfolio Group Committee (MPPGC) will be the key decision-making forum to oversee investments that are planning for or delivering High Security capacity (inclusive of all investment types in the Programme).

5.1 Overarching programme

The overarching programme timeline is set out in Figure 18. The next significant step recommended is an ACP SSBC to target short-term demand from 2027 to 2029.

Figure 18: Programme timeline

Funded	B26	Future Budgets	Total Beds	Potential in-service date	
WAI			810	P2 2029	**Waikeria Phase Two** is approved and funded.
CMP	9(2)(f)(iv)		632	P1 2029 9(2)(f)(iv)	**CMP RP Phase One** Detailed Business Case is approved and funded. **CMP RP Phase Two** Business Case approved. 9(2)(g)(i) [redacted]
ACP			300 – 400	2027	**ACP:** Supported by the ACP SSBC being developed in Q3 2025. This will be self-funded
			960	9(2)(f)(iv)	**Auckland Prison (all phases):** More work is needed to understand the development pathway for Auckland Prison, and how the site can respond to demand pressures.
			1264	9(2)(f)(iv)	**HBRP (all phases):** More work is needed to understand the development pathway for HBRP, and how the site can respond to demand pressures, including efficiencies to be found with ACP.
			>1,300	TBC	**Other redevelopments** signalled in LTNCP are needed to address population growth and quality.

Key: Funded Approved Future projects ACP

5.2 Next steps

5.2.1 Accelerated Capacity Project SSBC

The Preferred Way Forward recommends that immediate investment in High Security Capacity through an ACP SSBC is both appropriate and necessary given:

- investment decisions are required this year, if new capacity is going to be in place to mitigate the capacity gap.
- Corrections (guided by the LTNCP and governed through the MPPGC) has a cohesive view and understanding of the problem to be solved and the trade-offs associated with solving it.

5.2.2 The Programme

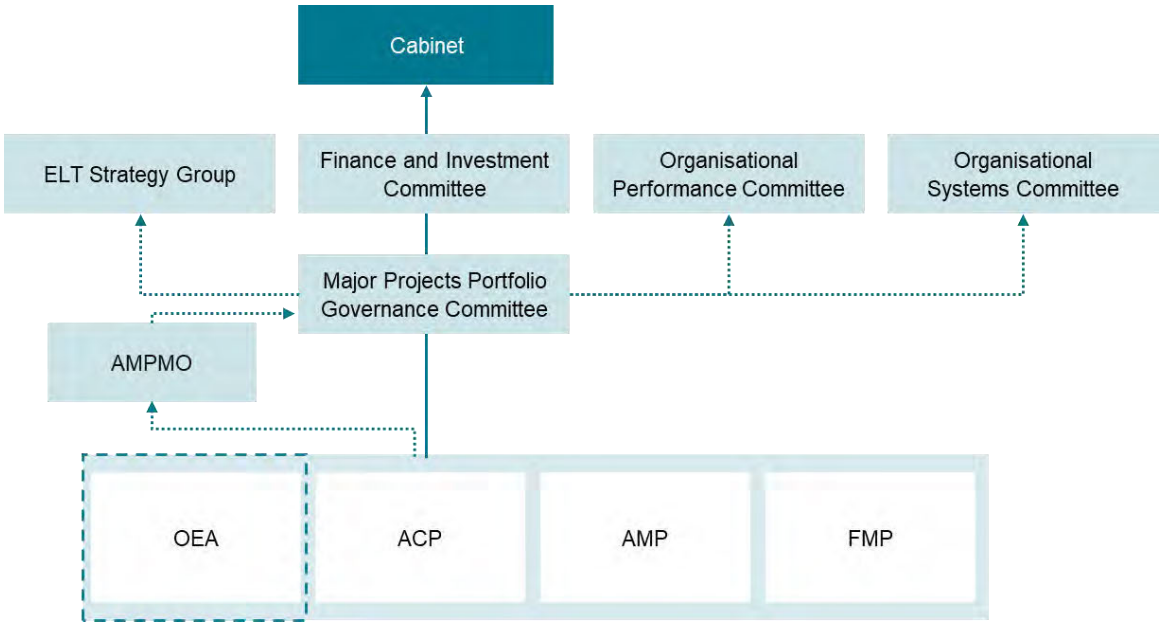
The Programme as a collective will continue the mixture of delivery and planning required to achieve its objectives and support the critical path associated with delivering sufficient High Security capacity over the short-, medium- and long-term. The initial steps to achieve this are:

- **OEA** (dependency) – Continue delivering via internal Corrections project management processes and internal funding to deliver immediate responses.
- **ACP** – as above, complete planning, analysis (including of trade-offs) and cost estimates associated with this potential investment and incorporate into SSBC.
- **AMP** – Procurement of new capacity (including progressing adjustments to help fill the forecast capacity gap in the next five years), and support bringing new capacity into service.
- **FMP** – Undertake further work to accelerate the understanding of potential solutions at Auckland Prison and Hawke's Bay Regional Prison, including longer term quality capacity responses for both men and women, which will inform subsequent SSBCs. Support the Auckland Prison FTAA designation amendment process and develop long-term site development plans for Auckland Prison and Hawke's Bay Regional Prison, and adaptable approaches to Youth and Women's cohorts.

5.3 Governing the High Security Programme

Corrections has established the MPPGC. This will oversee investments that are planning for or delivering High Security capacity:

Figure 19: The Programme/ Major Projects Portfolio Governance Committee



The MPPGC is the pivotal forum to steer key decisions ahead of the Finance and Investment Committee (FIC). This newly established governance group has been convened to provide oversight of all major projects of investment including OEA, ACP, AMPs (Waikeria Prison, CMP RP), and FMPs. The MPPGC includes membership from across the business, as well as external advisors including central agencies, as outlined in Table 27.

In addition to making key decisions and providing strategic alignment, MPPGC is responsible for resolving escalated issues and acting on key risks – driving involvement of the right people and business functions in key decisions, at the right time. Furthermore, it will provide quality assurance through the review of deliverables.

Table 27: MPPGC – Current Membership

Voting members of MPPGC*	Role
Jeremy Lightfoot	Chief Executive (Chair)
Alastair Turrell	Deputy Chief Executive (DCE) Infrastructure and Digital Assets
Alice Sciascia	DCE Strategy and Corporate Services
Juanita Ryan	DCE Pae Ora
Leigh Marsh	Commissioner Custodial Services
Will Peet	Independent Advisor
Sean Wynne	DCE – Commercial (NIFFCo)
*Non-voting members include Director, Asset Management | Director, Prison Capacity | Chief Financial Officer	

5.4 Programme Timeline

An indicative summary of the key milestones for the delivery of the Programme is shown in Table 28. The next key milestone is the ACP SSBC.

Table 28: Key programme milestones

Indicative key milestones	Estimated timing
High Security Capacity PBC	Q3 (July) 2025 (to Cabinet)
ACP SSBC	By August 2025
9(2)(f)(iv)	
Further Approvals Sought	Future Budgets
FMPs	(exploratory work continues onwards Q3 2025)

5.5 Delivering the Programme

The constituent parts of the Programme are currently being managed by dedicated teams for:

- OEA,
- ACP;
- Waikeria Phase 2;
- Longer Term High Security Capacity and Network Configuration;
- Auckland Prison Capacity Uplift (FTAA approval); and
- The CMP RP.

At present, oversight and analysis of the High Security capacity situation as a whole is being provided by the Network Configuration team as part of Asset Management (Steve O'Neill as HSC PBC Senior Responsible Owner (SRO)). This is the team who has developed the LTNCP and this PBC and is the ultimate business owner for analysis and recommendations around long-term capacity requirements, volumes, and poor quality. This approach is represented in Figure 20.

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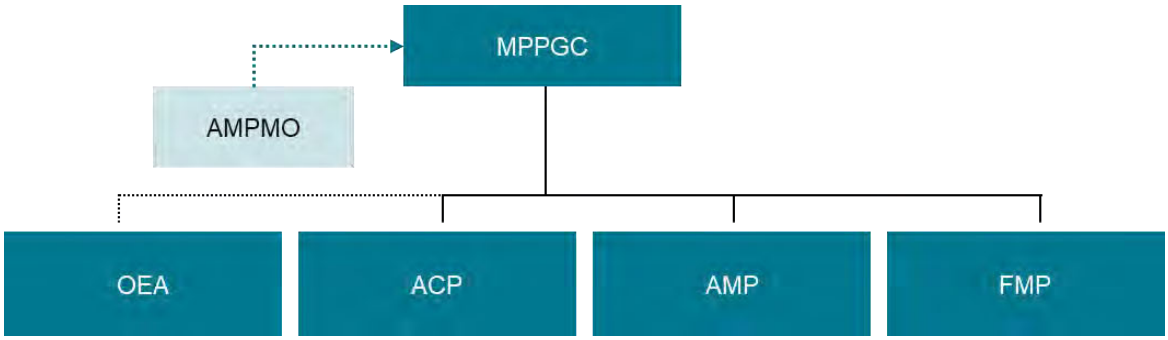
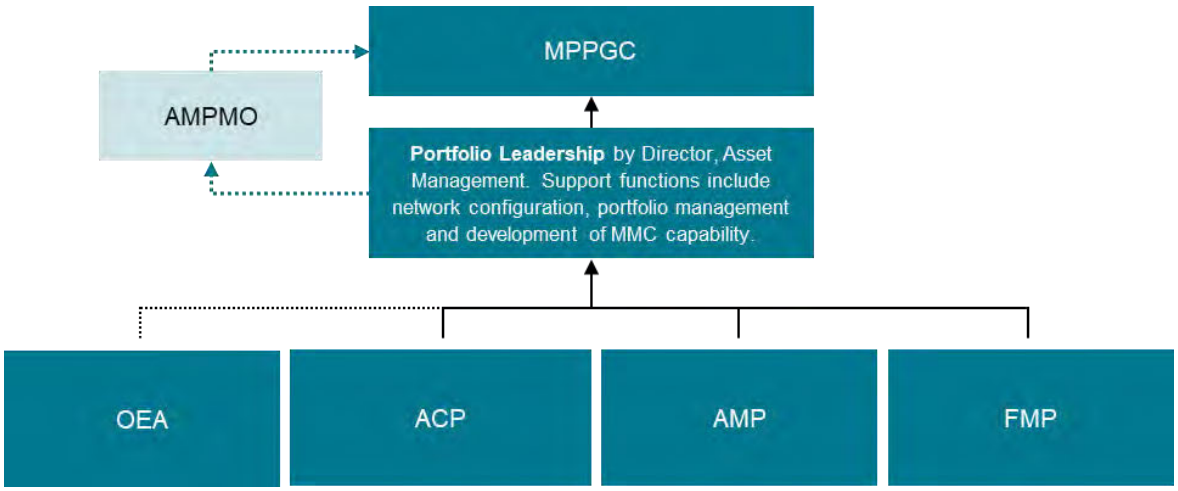
Figure 20: High Security Programme approach



As more projects and programmes move into delivery, and co-ordination across the component parts increases, a portfolio management approach could be formalised. This could be done iteratively and need not curtail the activities or momentum of individual projects. Similarly, it could be established now as a light-touch role focusing on the integration and efficiency between projects, and co-ordinating initial and longer-term approaches. This is depicted stylistically in Figure 21.

Figure 21: The Programme delivery team structure (future state stylised)



5.5.1 Why are SSBCs appropriate following this PBC

Discussions with Treasury at the end of 2024 confirmed that following the LTNCP, Treasury would expect to see a PBC for the High Security components of the LTNCP, which would then enable individual project SSBCs to follow. It was agreed that an Indicative Business Case followed by a Detailed Business Case) would largely be a re-litigation of scope and strategic direction that has already been determined through the LTNCP, then this HSC PBC. This PBC delivers the programme-level detail of High Security capacity investments in the short-, medium-, and long-term, making it more appropriate to progress individual projects through SSBCs.

An HSC SSBC focused on ACP has been determined in this PBC as the priority first SSBC, to target investment needed in the short-term to mitigate against the potentially acute capacity gap between 2027-2029. Corrections (guided by the LTNCP and governed through the MPPGC) has a cohesive view and understanding of the problem to be solved, and the trade-offs associated with solving it. Many of these have been articulated in this PBC.

An SSBC also supports the avoidance of risk and cohesive decision-making from a timing perspective. The HSC PBC is signalling an 18-month gap between investment and delivery of ACP. Given that potential shortages could begin by the start of 2027, and grow acute from there, supporting approvals is on the critical path for delivering this capacity. 9(2)(g)(i)

9(2)(g)(i) [redacted]. High Security

Efficient decision making through SSBCs is the recommended approach beyond ACP. Mainly for the same reason as stated previously, the detailed scope and options analysis of an Indicative Business Case would be a repeat of analysis carried out and accepted via the LTNCP thus far. For example, the location of the next Strategic Nodes to be redeveloped (Auckland Prison and HBRP) have already been identified, with some bounds around potential scope.

5.6 Risk, issue, and dependency management

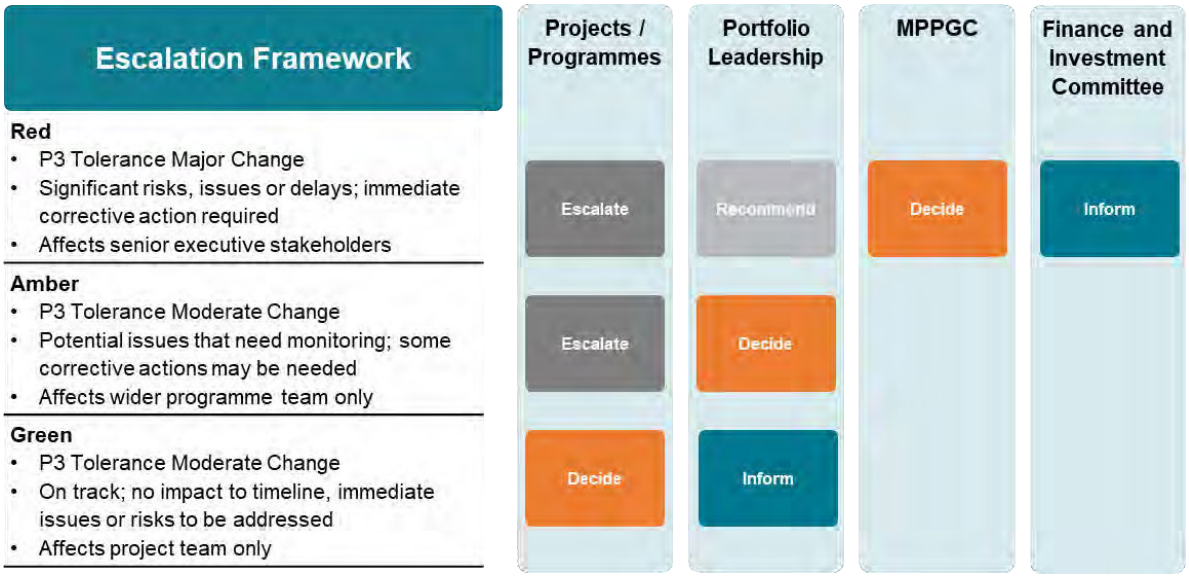
The Programme will adopt a method for risk management that is consistent with Corrections' Enterprise Risk Management Approach for Projects and Programmes, managed by the EPMO. This will include the use of Sentient, Corrections' mandated P3 (portfolios, programmes, and projects) tool. This cloud-based programme management tool has the functionality to track and report on all P3 variables including risk issues and has replaced the need for an excel based control book.

As risks and issues are identified throughout the life of the programme, they will be recorded in Sentient. The Programme will align to the Red, Amber, Green (R, A, G) 'traffic light' system across all projects/ programmes to enable reporting to governance using a consistent framework. The guidance provided by the EPMO requires the assessment of the current likelihood and consequence and the target likelihood and consequence of each risk/ issue – considering the key controls in place, the effectiveness of the control(s), and any assurance activities in place to effectively mitigate the risk/ issue to arrive at a final R, A, G rating.

Upon endorsement of the PBC, a comprehensive risk action plan that will be managed across the Programme will be developed as required by the escalation framework outlined in Figure 22. Programme level risks/ issues will be informed and supported by project specific-risk action plans which will be managed and escalated as required by the respective Project Managers.

Project-specific governance will be explored in the relevant project-specific business cases following this PBC.

Figure 22: Escalation Framework



5.6.1 Dependency Management

Portfolio Leadership (yet to be finalised) will be responsible for the timely identification and management of dependencies within the Programme, and dependencies on activities outside the Programme. As part of initial programme planning activities, Portfolio Leadership and EPMO will work alongside Project Managers to identify key activities and ensure they are completed in the correct sequence to mitigate any potential delays or roadblocks. Dependencies will then be captured and managed through ongoing programme planning activities and controls.

The Programme has identified dependencies that are being actively managed and will need to be considered in detailed programme planning and establishment.

5.7 Change Management

Change management is the structured approach to moving the organisation and its people through change. Detailed change management planning, which recognises interdependencies and integrates where possible with wider system changes, will provide additional mitigations and is an important part of delivering the scope and fully realising the intended benefits of the Programme.

The Programme will align change management practices to Corrections' Change Management Framework. Portfolio Leadership and Project Managers will work closely with the EPMO to utilise the Change Management Handbook to tailor its application to the Programme. A detailed change management plan will be included in the Programme Management Plan (PMP), with change requests being escalated to the appropriate governance forum as they arise during programme delivery for review and approval.

5.8 Benefits Realisation Strategy

Benefits realisation management is the approach or process to producing and demonstrating tangible results that can be reasonably attributed to the activities and initiatives undertaken through projects, programmes, and portfolios. The Benefits Realisation Strategy will quantify the benefits using factors/ measures attributed to the Projects while attempting to optimise the realisation of benefits.

To successfully enable benefits realisation, the Programme will leverage the Benefits Management Handbook, managed by the EPMO. This handbook includes a Benefits Realisation Framework that details the steps that need to be undertaken to produce and demonstrate benefit realisation across the lifecycle of Portfolios, Programmes and Projects. It prescribes a three-stage approach (specify, deliver, realise) to implementing Benefits Realisation Management and seven-steps to guide benefits realisation across the life of the Programme (included in Table 29). This approach exists within the wider Investment Management Framework which involves the identification and delivery of Corrections' investments in change.

Table 29: Seven Steps of Benefits Realisation

Step	Description
1: Benefits Mapping	Understanding the problem being solved and the Benefits that derive from this.
2: Benefits Identification	The output of the Benefits mapping exercise is stored in Sentient.
3: Benefits Analysis	Define the Benefits by putting more information around them, such as role, beneficiaries, and categories in the Benefits Register in Sentient.
4: Planning for Benefits Realisation	Focused on measurement and any constraints, dependencies, and assumptions necessary for the Benefits Profile in support of investment cases.
5: Delivering Agreed Benefits	During delivery the Benefit Register is kept up to date.
6: Transitioning Benefits to the Organisation	Concerned with Benefits Realisation at initiative closure.
7: Sustaining Benefits Over Time	Concerned with Benefits Realisation after the initiative is closed.

The key programme benefits have been identified, defined, and mapped to Corrections' Organisational Roadmap Focus Areas and Performance Framework Impact Areas. The Organisational Roadmap is the direction of travel for Hōkai Rangi; within each overarching priority area, it outlines key initiatives that are aligned to Hōkai Rangi and Corrections three organisational outcomes. The Performance Framework supports the measurement and monitoring how effective interventions are, and progress against Corrections' overarching organisational outcomes through four interrelated impacts that will be measured when realising benefits. The Organisational Roadmap Focus Areas and Performance Framework Impact Areas are noted in Figure 23.

Figure 23: Focus and impact areas

Benefits are also linked to custodial levels of service objectives and measures and will be aligned to and support the improvement of asset performance as specified by our Levels of Service and required by CO (23)9. Once the Programme has been endorsed, a Benefits Realisation Plan will be developed detailing how each project, and the Programme, will deliver it's intended outcomes and realise the identified benefits. The Benefits Realisation Plans for each individual project will be developed by the Project Managers, supported by the EPMO, and included in the PMP. Once agreed, benefits will be included in Sentient to enable ongoing management and consistent reporting. Each of the programme benefits will then be developed and detailed further in the next steps for each project.

5.9 Quality and Assurance

The scope of quality management covers all aspects of the Programme, to provide confidence to stakeholders that the planned benefits are being, or are likely to be, realised, and risks are being effectively identified and mitigated. The Programme will leverage Corrections' Quality Assurance Framework developed by Corrections' EPMO to develop a detailed and dedicated quality assurance plan as part of the PMP. This will cover both Performance Management (external and internal control activities) and Quality Assurance (external and internal assurance activities).

5.9.1 Gateway Review

Due to its scope and scale, the Programme has been assessed as High Risk by Treasury and is therefore required to undergo reviews at strategic points throughout the life of the Programme. Given this is a programme rather than a project, the reviews will not follow the gateway life-cycle and will instead be assessed by iterations of Gateway Review 0 – Strategic Assessment. The first review was carried out from the 10 - 14 March 2025 and assessed the delivery confidence of the Programme as amber.

The Gateway Review Team found that successful delivery appears feasible provided the programme team are given greater clarity as to the scope and purpose of the PBC and the programmatic approach, and that the programme team are resourced to deliver against a critical path endorsed by the MPPGC. There were three recommendations that the Gateway Review Team prioritised:

- The MPPGC to ensure that there is a shared understanding of the scope and purpose of adopting 'Managing Successful Programmes' (MSP) to deliver the Programme.
- Ensuring that governance and the PBC team are aligned as to the scope and purpose of the PBC.
- The SRO to ensure a critical path is established and maintained.

Recommendations have been considered and addressed in this HSC PBC, as well as informing the next steps for the Programme. These recommendations have also been implemented into planning for the ACP (SSBC). The next Gateway Review for the Programme is being planned for Q4 2025.

In line with Treasury expectations, the Programme will be required to continue to complete Risk Profile Assessments (RPA's) for all projects initiated under the Programme. These will be submitted to the EPMO whose role is to ensure consistent application of the RPA framework across Corrections. For projects that are assessed as either Medium or High risk, the RPA shall be sent to Treasury for review by central and related agencies. Following this, Treasury will make the final decision on the risk profile of the Project. If it is High, Gateway reviews will be required to be undertaken.

The RPA assessments will be frequently monitored, such that if there is a significant change to the Programme's scope, cost, or timeframe, an updated RPA will be completed to be reviewed by Treasury.

5.9.2 Probity

Probity is recognised as being of paramount importance when conducting procurement activity, especially considering the scale of the activity to be conducted under the Programme. Individual projects and programmes will appoint probity advisors as appropriate, whose role will be to provide support and probity-related advice, including review of market facing documentation, to ensure that a robust and transparent procurement process is held regardless of the size of the procurement.