



Queensland Government
Treasury

Queensland Treasury Response to
Commonwealth Grants Commission Staff
Position Paper 2008/23

Justice Services

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SUMMARY OF QUEENSLAND'S POSITION

Queensland supports the proposed assessment of a Justice Services category comprising the expenditure relating to Police, Courts and Corrective Services as these expenses are of a similar nature and are driven by the same population groups. The general methodology to weight state populations to take account of high use groups is appropriate, simple and transparent.

Queensland recognises that there is further work to be done on Location disabilities, but the demonstrably higher regional wage and non-wage costs of providing Justice Services in remote areas needs to be accounted for.

The Position paper asserts that Service Delivery Scale issues are driven by high levels of Indigeneity, which, at least in Queensland, is not the case. This appears to have been recognised by Commission staff at the Location Working Party meeting in December 2008. Queensland has evidence to demonstrate that higher staff to population ratios impose a greater cost burden, which is not solely due to indigeneity.

Queensland believes it is time to finalise the case for an urban complexity disability. No evidence has been provided by the states claiming this disability but evidence disproving it has been found by the Commission. The reality is that all states experience the same issues with the only difference being scale.

Key Issues

- If some Police service expenses are to be assessed EPC: 50% to be assessed differentially and 50% assessed EPC;
- The inclusion of a regional wage location factor in the Justice services assessment;
- The assessment of a Service Delivery Scale factor; and
- No Urban complexity or Culturally and Linguistically Diverse assessment be made, unless robust data can be provided and their inclusion is demonstrated to be material.

METHODOLOGICAL ISSUES

The Commission proposes to assess Justice Services expenditure as a single category with three components:

- the administrative scale component will comprise administrative scale and location factors;
- the service expenses component will comprise factors for use, location and cross-border; and
- the other services component will comprise national capital, native title and land rights expenses.

Assessment Structure and Data

Queensland considers that is appropriate to assess a Justice Services category comprising expenditure related to Police Services, Courts and Corrective Services.

An EPC assessment of some Police expenses

Queensland acknowledges there is a conceptual case for splitting Police expenses as services are provided to the community as a whole and to a specific group within the community (those who commit offences). However, services provided to the community as a whole, such as community safety initiatives, tend to be influenced to a degree by people who have a greater propensity to commit offences. On this basis Queensland proposed, in previous submissions, that all Police expenses be assessed differentially.

It is difficult to identify the extent to which community safety initiatives are influenced by those with a greater propensity to commit offences. As no evidence has been provided to prove or disprove the drivers of costs for community safety initiatives, the proposal to assess it on an EPC basis is acceptable. However, there is also no agreed definition amongst states about what comprises crime-related police services and community safety police services, which makes a split of police expenses difficult.

In its analysis the Commission used information from the Productivity Commission, State provided data and information from State visits to identify the appropriate proportion of Police expenses to assess differentially and EPC. There are issues with all of these data sources that prevent the use of any of them, on their own, to determine the appropriate split of police expenses.

Queensland considers the Commission's inclination to assess 50% of police expenses differentially and 50% EPC is acceptable, and will arguably produce a result that is reasonable.

Use of custody rates as an indicator of police expenses

Queensland considers that the best measure of Police expenses would be some form of reported crime statistics. However, the available data on reported crimes is incomparable across states and will not be able to be discounted to form the basis of a robust and reliable assessment. On this basis, Queensland believes the custody data from the Institute of Criminology's (AIC) is the most appropriate data source.

The Commission proposes the use of the AIC *National Police Custody Survey* data to assess Police expenses. Queensland notes the AIC data will be 3 years old by the first period of the 2010 Review, with the most recent survey conducted in 2007. However, Queensland is not aware of an alternative, more contemporaneous, data source. Clarification is sought that the Commission would update the data using the 2012 *National Police Custody Survey* data when it becomes available.

Queensland believes that although the AIC data does not reflect the full spectrum of Police expenditure, the proposal to discount the data addresses concerns about the suitability of the data.

Location Methodology

Queensland believes the methodology being used to develop the location factors is overly complex and leads to outcomes that are counterintuitive. Queensland will outline these concerns in detail in response to the location discussion papers but the comments below address concerns that relate to the Justice Services assessment category.

Regional Wages

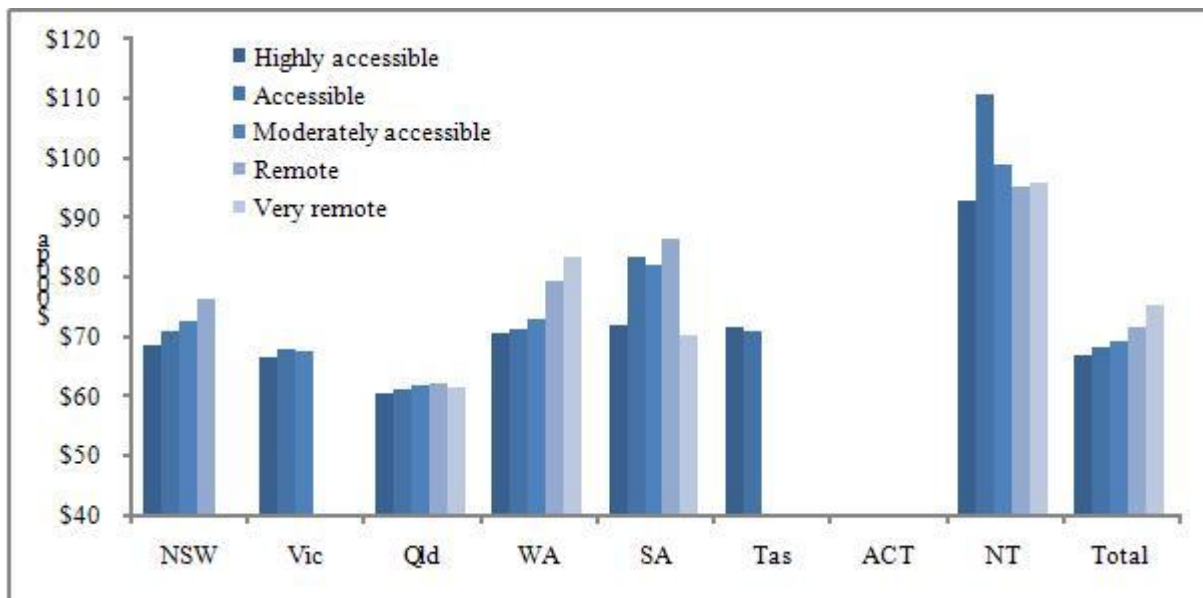
The CGC Position Paper 2008/23 uses conclusions and factors from the location position and discussion papers (2008/14 and 2008/15-S).

The Commission proposed not assessing a regional wage cost in the Justice Services assessment category, because while state provided data on police services wages increased by region, as shown in Figure 1, other services (i.e. education and health) did not show a similar pattern.

Queensland believes that this is largely due to the differences in staffing numbers and their experience levels not being accounted for in the Commission’s methodology. In many of Queensland’s regional and remote centres the number of Police or Justice Services staff per capita is much higher than in metropolitan areas.

Queensland considers not assessing a wage gradient is inconsistent with the approach being taken in the regional non-wage assessment. For regional non-wages, the Commission are seeking data to identify gradients for each service category and apply these gradients to the proportion of total Government Finance Statistics (GFS) non-wage expenditure the category represents.

Figure 1: Average police service wages by region, 2006-07



Source: CGC 2008/14 Location- Wage Costs and Corrigendum

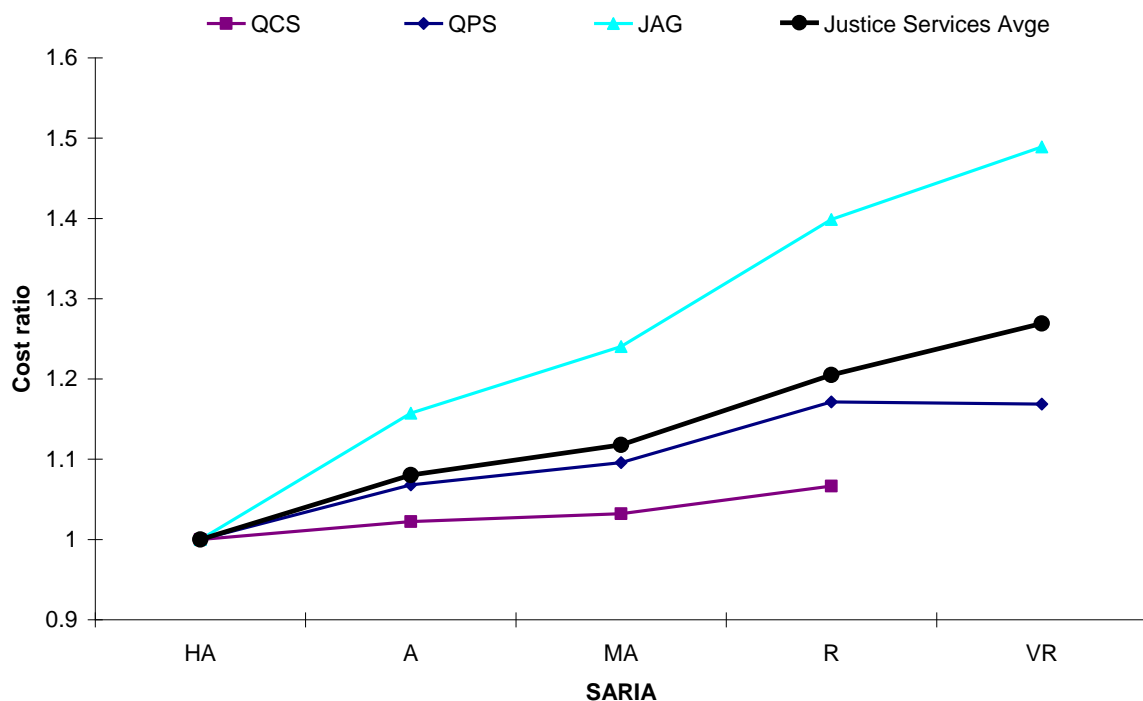
Queensland considers that the Australian average wage cost gradients for all categories should be applied to the proportion of population that each state has within each SARIA region to develop the regional wage factor.

Queensland believes the information shown in Figure 1 demonstrates that the regional wage disability can be reliably estimated for police services and that this should be recognised in the entire Justice Services assessment using the data below.

To date, regional wages information related to the Justice Services category has only been collected from all states for Police services. Information collected from Queensland Corrective Services (QCS) and Queensland’s Justice and Attorney General (JAG) demonstrates that regional wage costs are higher for more remote regions.

Figure 2 shows all elements of the Justice Services assessment category experience higher wages in remote and very remote regions. Figure 2 includes an average regional wage location factor that could be applied in the Justice Services assessment category (weighted by the relative proportion of total category expenditure).

Figure 2: QPS, QCS and JAG Wage Cost Ratios



Source: QPS, QCS and JAG Financial Systems

The data in Figure 2 have been extracted directly from departmental accounting systems and reflect actual expenditure on employee wage costs as classified by the Commission. Queensland is providing this data to the Commission for use in the development of a regional wage cost factor. Queensland believes that the demonstrably higher costs should be accounted for in the location factor used in the Justice Services assessment category.

Service Delivery Scale

The Commission position paper 2008/23 *Justice Services* stated that the Commission are not considering assessing this disability in Justice Services due to the conclusion that higher staff to population ratios are driven by Indigeneity, rather than diseconomies of small scale.

At the LWP meeting in December 2008, a new approach to service delivery scale was outlined based on a relationship between Police numbers per 1,000 population and low population density. Queensland supports the ongoing development of a model to capture service delivery scale in the Justice Services assessment.

The Commission paper outlining the current status of the proposed location assessment suggested that the Commission is prepared to seriously consider a service delivery scale assessment, but that it prefers to use Census data as the basis for developing such an assessment. Queensland puts forward the following data to support its case that staffing levels (numbers) are generally higher in regional and remote parts of the State, compared with the metropolitan south east corner.

Staffing Ratios

Queensland has consistently argued service delivery scale exists and influences state government expenditure in all areas of service delivery, albeit different services (eg, education, health, police etc) might show different gradients.

Table 1 shows the number of state government employees per 100,000 population and shows a clear relationship with much higher ratios in regional and remote regions than the Queensland average. With the exception of Brisbane which has higher costs due to the head office effect, the South East Queensland (SEQ) Statistical Divisions have numbers of state government employees that are fewer than the state average of 4,535 state government employees per 100,000 people.

Table 1: Persons employed by State/ Territory Government in Queensland and Total

Statistical Division	State Government workers	Total Workers	Total Population	State employees per 100,000	State employees per 100,000
				Total workers	Total population
Brisbane	93,408	793,850	1,763,132	11,766	5,298
Gold Coast	11,706	184,635	482,324	5,999	2,296
Sunshine Coast	7,593	98,060	276,267	7,743	2,748
West Moreton	1,852	20,285	68,629	9,130	2,699
Wide Bay-Burnett	10,031	83,901	254,661	11,956	3,939
Darling Downs	9,427	90,044	213,754	10,469	4,410
South West	1,554	12,145	24,779	12,795	6,271
Fitzroy	10,687	81,935	188,403	13,043	5,672
Central West	835	5,377	10,852	15,529	7,694
Mackay	5,408	66,812	150,177	8,094	3,601
Northern	9,537	81,674	196,671	11,677	4,849
Far North	10,842	95,755	231,051	11,323	4,692
North West	1,864	15,816	30,942	11,786	6,024
Qld Undefined	1,241	21,713			
Off-Shore & Migrat	3	245	97		
No Usual Address	1,704	85,372	12,804		
Queensland	177,060	1,737,614	3,904,534	10,190	4,535

Note:

Count of employed persons aged 15 years and over based on place of work.

Total population based on place of usual residence.

Source: Australian Bureau of Statistics, Census of Population and Housing 2006 (basic community profile and working population profile)

Contrast this with the regional and remote Statistical Divisions that have significantly higher ratios than the state average (South West SD – 38% more than the state average; Central West – 70% more than the state average; and North West – 33% more than the state average).

The three coastal Statistical Divisions of Fitzroy (Rockhampton), Northern (Townsville), and Far North (Cairns) all serve to provide functions that can be described as semi- or quasi-head office activities. The Central and Central-West regions of Queensland are serviced out of Rockhampton, while the Far North and Cape York regions are serviced out of Cairns, and the Northern and North-West regions of the state are serviced out of Townsville. These centres employ more state government employees per 100,000 population than SEQ regions.

Queensland considers that due to the nature of providing services in regional and remote areas, higher staff numbers are required and the extra costs that are incurred need to be assessed by a service delivery scale disability.

Indigeneity as a Driver of Service Delivery Scale

Queensland accepts that there are Indigenous drivers on staffing levels for the entire Justice Services category. However, first hand evidence was provided during the state visits to demonstrate the added issues of policing small towns, mining towns and dispersed population centres. These factors have a direct influence on the numbers of staff per head of population, regardless of the Indigenous population.

A snapshot of crime statistics for Queensland Police regions in 2006-07 in Table 2 shows that the rates of crime for the Indigenous population are higher in all regions. However, when compared to the Queensland average, the crime rate for the non-Indigenous population is 22% higher in the Far North region. Likewise, the rates of crime for the non-Indigenous population are higher than the state average in the Northern region (8%) and Central region (8%).

There remains the ever-present effect of a dispersed population per se, creating the need for more police per head of population in regional and remote regions, regardless of either rates of crime and/or the Indigenous status of the population. In these areas, Queensland would still need to deploy more officers per head of population and at a relatively greater cost. This is shown in Table 2, where these regions employ a higher number of officers per 1,000 population, and therefore experience higher costs.

Table 2: Offenders by Police Region and Indigenous Status, 2006-07

Region	Indigenous	Non-	Total	Indigenous	Non-	Police Staff per 1000 population
		indigenous			indigenous	
— offenders per 100,000 —		Over/under QLD average				
Central	33,314	5,378	6,886	1.09	1.08	2.69
Far Northern	31,050	6,034	10,197	1.02	1.22	3.58
Metropolitan North	36,142	5,663	6,264	1.19	1.14	2.32
Metropolitan South	24,685	4,101	4,590	0.81	0.83	1.82
North Coast	23,869	5,002	5,625	0.78	1.01	2.04
Northern	43,327	5,372	9,287	1.42	1.08	3.52
South Eastern	13,543	4,592	4,892	0.44	0.93	1.96
Southern	29,188	4,738	5,859	0.96	0.96	2.40
Queensland	30,494	4,957	6,063	1.00	1.00	2.31

Source: Queensland Police Service (unpublished data)

Socio Economic Status

The Commission intends to assess a low Socio Economic Status (SES) disability in the Justice Services assessment, using SEIFA as a proxy for low SES.

Queensland acknowledges the conceptual case for including a low SES disability in the Justice Services assessment. The use of Socio Economic Index for Areas (SEIFA) as an indicator of low socio-economic status (SES) is problematic due to the range of variables used in the SEIFA with little relevance to use of state provided services. For example, variables such as the numbers of people separated or divorced or the proportion of households with internet connections are not directly related to use of state government services.

Queensland's Office of Economic and Statistical Research (OESR) has experience in tailoring these indices to ensure that irrelevant variables are excluded. Queensland believes that the Commission should investigate tailoring the SEIFA index to include only variables that directly impact the use of Justice Services.

Urban Complexity

Queensland believes that the lack of evidence for an urban complexity disability indicates that the conceptual case is weak and that no assessment is required in the Justice Services assessment category. Even if a conceptual case is established, the lack of reliable data makes it impossible to determine disability factors.

The arguments for urban complexity have raised issues such as expenditure on specialist squads such as anti-terrorism and organised crime. Queensland, along with other states, operates squads to deal with these issues, such as an anti terrorism squad, specialist emergency response team and an illicit motorcycle gang unit.

Queensland considers that these expenses are incurred by all states and that the only difference is the scale, which when compared on a per capita basis do not show significant differences.

In the absence of both conceptual case and reliable data, Queensland does not believe an urban complexity disability should be included in the Justice Services assessment.

Cultural and Linguistic Diversity

Queensland accepts that there may be a conceptual case for a cultural and linguistic diversity (CALD) disability but believes that there has been little evidence provided to demonstrate that it has a material impact on state government service expenditure.

Queensland believes that it is also likely that states that have a higher number of smaller CALD communities in dispersed locations would experience a greater cost burden than large CALD communities located in metropolitan areas, although the materiality is not expected to be significant.

Queensland proposes that the CALD disability not be assessed unless there is reliable evidence, not only that it exists, but that it is material.

CONCLUSION

Queensland believes that the Justice Services category should be assessed based on total Police expenses, Court and Corrective services expenses.

Queensland considers that regional wage costs should be assessed for Police, Corrective Services and Courts using the regional wage factor developed for the location assessment. Queensland will provide data to support the wage gradient and further details of the proposed methodology in response to *2008/14 Location- Wage Costs*.

Queensland supports the Commission's ongoing work on a service delivery scale model for Justice Services based on population density. Queensland considers that service delivery scale impacts on all government services and that the Commission should develop a single model to apply to all categories. Queensland will assist the Commission wherever possible to progress the development of this model.