# Justice

## Overview

On 13 June 2023, the Commission issued a [consultation paper](https://www.cgc.gov.au/sites/default/files/2023-06/2025%20Methodology%20Review%20-%20Consultation%20paper%20-%20Justice_Final.pdf) on the justice assessment. The Commission considered changes since the 2020 Review and their implications for the assessment method.

The Commission proposed to retain the 2020 Review assessment method with one additional element, the inclusion of a juvenile detention cost weight (if material).

A summary of state responses to each consultation question is included below, as well as the Commission’s draft position and the draft 2025 Review assessment method.

State submissions can be viewed [here](https://www.cgc.gov.au/reports-for-government/2025-methodology-review/consultation/tranche-1-consultation-papers).

## Consultation questions

### Q1. Do states agree that COVID-19 resulted in a temporary departure from long term patterns of justice service provision, use and costs such that the 2020 Review Justice model remains appropriate if used with fit for purpose data?

#### State views

New South Wales, Queensland, Western Australia, South Australia, Tasmania, the ACT and the Northern Territory broadly agreed that the 2020 Review justice model remained appropriate.

Queensland supported the overall approach, subject to changes in the method for assessing policing needs.

Western Australia raised concerns with the prisons regression and New South Wales raised concerns with cost weights in the police and prisons assessments.

Victoria did not support the 2020 Review justice model and engaged a consultant to review the Commission’s assessment methods. The consultant reported in December 2023.

#### Commission response

Most states were broadly supportive of retaining the 2020 Review model, although Victoria expressed a number of concerns. Some states made suggestions for improving the model. These are outlined and discussed in the sections below, along with a response to Victoria’s concerns.

#### Commission draft position

The Commission proposes to broadly retain the 2020 Review model for the justice assessment, with some changes. The Commission’s proposals are outlined in the relevant sections below.

### Q2. Do states agree that data from 2019–20, 2020–21, and 2021–‍22 include the effects of COVID-19 related public health orders and do not reflect typical justice services and costs?

### Q3. If data from 2019–20 to 2021–22 are not fit for purpose, do states support using data from 2022–23 to update the justice assessment? If so, can states provide an indication of when 2022–23 data could be provided to the Commission?

### Q4. If data from 2022–23 are considered fit for purpose but are not available in time for inclusion in the 2025 Review, do states support updating the assessment in an update following the 2025 Review?

#### State views

All states agreed that data from 2019–20 to 2021–22 did not reflect typical justice services and costs.

Other than South Australia, all states supported using 2022–23 data in the assessment. South Australia would like data to be analysed for potential COVID-‍19 influence prior to use.

All states that responded supported updating the assessment with 2022–23 data in an update following the review if the data were not available in time for the review.

Western Australia, South Australia and the Northern Territory raised concerns over using only one year of data.

Western Australia and South Australia said 2022–23 data could still contain COVID‑19 related impacts and therefore not reflect conditions in future years. Western Australia acknowledged that the justice data request could be burdensome for states to complete on an annual basis, however, it believed it would be prudent to also include 2023–24 and 2024–25 data.

The Northern Territory proposed the Commission move to annual updates of the justice data. It considered that trends in offences and associated services change more frequently than a 5-year period. In particular, the Northern Territory pointed towards the frequent changing patterns of offences during the COVID-19 period.

The Northern Territory also said that, during the COVID-19 affected years, the diversion of police resources for border control activities, and the impact of temporarily increased welfare payments, altered offence patterns associated with the justice system. The Northern Territory understood that similar increases in the number of offences have been seen in remote parts of Queensland and Western Australia. The short and medium-term policy landscape, and offender data, remain uncertain. Considering the ongoing changes in offence patterns (and resulting changes in policy), the Northern Territory submitted that an annual update is appropriate for the justice assessment. The Northern Territory said it can provide data for justice on an annual basis.

While Victoria agreed with the Commission’s preliminary position, it expressed concerns regarding the data used to inform the justice assessment. It said that the lack of a ‘national agreement and a nationally consistent data framework’ means the current assessment is unable to adequately capture the drivers of justice expense needs. Victoria recommended the Commission discount, or assess components equal per capita, until a nationally consistent dataset is available.

The Victorian consultant’s report said it was crucial to acknowledge the variability in costs across the states and that this lack of consistency signifies that any assessment of costs should acknowledge such uncertainties. It suggested this lack of consistency underscored the importance of a flexible and nuanced justice expense assessment that can adapt to the diverse landscape of state-level justice administration. It also said that these data limitations warranted discounting the justice assessment.

#### Commission response

Where possible, the Commission uses data from organisations with nationally consistent frameworks in place (such as the Australian Bureau of Statistics [ABS] or Australian Institute of Health and Welfare). The Commission considers that using data from these organisations increases the comparability and consistency of the data.

Some data used in the justice assessment are currently sourced from the ABS, the Australian Institute of Health and Welfare and the Productivity Commission. However, most data are sourced directly from states.[[1]](#footnote-2) Data from the states can be used to determine national average use rates and cost weights.

Variability in costs across states does not necessarily signify uncertainties in the data that would warrant discounting. This variability is likely due partly to states’ different policy choices. Using national average data smooths policy differences across states and provides a benchmark with which to assess needs in the context of diverse approaches to justice administration.

The Commission considers the data used in the justice assessment are the best currently available and fit for purpose. It is not aware of any other sources that would provide the required information to the same standard. The Commission has not identified sufficient concerns with the current data to support a discount or pursue an equal per capita assessment.

##### Updating data and the assessment

In the 2020 Review, processing new justice data provided by states was time consuming and resource intensive. The Commission considers such a large data request on a yearly basis would be a significant imposition on states, and the level of processing required would not be practical. The time between receiving the data from all states to completing all the processing is unlikely to be sufficient to meet update deadlines.

Furthermore, while the Commission acknowledges that some jurisdictions may experience fluctuations in the use of justice services, its analysis of national totals in ABS data on proceedings, defendants and prisoners shows that these measures are relatively stable over a 5‑year period. Annually updating data would increase the burden on states for little benefit.

The Commission considers data from 2022–23 are likely to be more reliable than data collected during the pandemic-affected years. By 2022–23, public health orders associated with COVID-19, including lockdowns, had been removed or relaxed in all states. The Commission’s analysis of ABS data indicates data for 2022–23 are not unduly affected by COVID-19. It expects state data will follow these same trends.

The Commission agrees that incorporating a second year of data (2023–24) would better reflect current and future state justice needs. The 2020 Review method incorporates an average of 2 years of data (2015–16 and 2016–17) in a number of the justice assessments. These 2 years of data also aligned with the 2016 Census year. The state‑provided justice data were not updated during the 2020 Review period.

Given the time required to process states’ justice data and consult with states on proposed method changes the Commission anticipates that this work will not be completed in time for the 2025 Review final report. To complete this work, the Commission needs to process and analyse data in several steps.

* First, state data need to be validated to ensure they are fit for purpose. This involves checking all data are provided in the correct format and data appear reasonable. This may also involve asking states to clarify abnormalities or to provide updated data.
* Second, data need to be processed and collated into a single format that can be used in the assessment. For instance, states report police, prisons and criminal courts data using different geographical areas (mainly by suburb or local government area), which need to be manually assigned an ABS remoteness area before being added to the assessment model. This will involve building unique calculations for each state’s data.
* Third, the Commission needs to analyse data to explore any potential method changes, including those put forward by states, and verify the final method. For instance, the Commission will need to test whether the regression models used in the police and prisons assessments are returning valid results and methods are fit for purpose.

Throughout this process, the Commission needs to consult with states regarding any data issues and to allow them the opportunity to comment on analysis and any proposed changes to the assessment method. The Commission also seeks to be transparent by providing states with details of any modifications made to their data for use in the assessment.

During the 2020 Review the process of validating and analysing data took place over 2 years. The Commission considers that it is not feasible to validate and analyse all the data in time for the 2025 Review.

To allow for appropriate consultation with states, the Commission proposes to maintain the 2020 Review method for GST distribution in 2025–26 and update the justice assessment method in the 2026 Update. The proposed timetable for this process is outlined in Attachment B.

Delaying the inclusion of the new method will also allow the Commission to incorporate and average 2022–23 and 2023–24 data rather than introducing data in stages.

#### Commission draft position

The Commission proposes to:

* not apply any new equal per capita assessments or discounts due to data concerns
* update the justice assessment method in the 2026 Update with data from 2022–‍23 and 2023–24 and maintain the 2020 Review method for GST distribution in 2025–26
* not request justice data from states on an ongoing annual basis.

### Q5. Do states agree that the Commission:

#### apply a cost weight for juvenile detainees in the prisons assessment if material?

#### not make any changes to the juvenile detainees age groups in the prisons assessment?

#### State views

New South Wales, Queensland, Western Australia, Tasmania, the ACT and the Northern Territory supported the application of a juvenile detainee cost weight in the prisons assessment if it is material.

South Australia suggested the Commission wait until 2022–23 prisons data have been provided to confirm the strength of the growth of juvenile detainee costs and to test materiality.

Queensland proposed a method for calculating cost weights for juvenile detainees based on the proportion of juvenile detainees in the 0–14 and 15–24 ages groups.[[2]](#footnote-3) It also noted that the cost of detainment (per night) for youth detention is almost 12 times greater than the cost for prisons.

Victoria said it did not support the application of a cost weight because it considered the *Report on Government Services 2023* juvenile detention expenditure data were not comparable across states.

All states that responded supported not changing the juvenile detainee age groups in response to changes to the minimum age of criminal responsibility across states. South Australia noted that this position should be revisited prior to the 2025 Review if all states adopted uniform policies.

#### Commission response

##### Juvenile detainee cost weight

The Commission has considered Queensland’s proposed model for calculating the juvenile detainee cost weight. However, it does not appear to use national average data.

The Commission notes the Productivity Commission’s *Report on Government Services 2024* juvenile detention expenditure data are published with a qualifier that says the data are not comparable across states.[[3]](#footnote-4) The Productivity Commission advised that data are not comparable because states have different funding structures for their youth justice services.

Despite the Productivity Commission’s caveat, the *Report on Government Services* juvenile detention expenditure data are currently the best available for determining adult prisoner versus juvenile detainee cost differences. The Commission proposes to use the *Report on Government Services* national average data to calculate juvenile detainee cost weights and considers this will smooth out policy influences from any one state. The juvenile detainee cost weights are shown in Table 1 below.

**Table 1** **Juvenile detainee cost weight**

|  |  |  |  |
| --- | --- | --- | --- |
|   | 2020-21 | 2021-22 | 2022-23 |
| Cost juvenile detention ($m) | 771 | 848 | 855 |
| Cost adult prisons ($m) | 4,424 | 4,605 | 4,630 |
| Juvenile detainees (No.) | 793 | 827 | 828 |
| Adult prisoners (No.) | 42,798 | 40,342 | 41,814 |
| Yearly cost per juvenile detainee ($) | 972,218 | 1,024,918 | 1,032,919 |
| Yearly cost per adult prisoner ($) | 103,372 | 114,160 | 110,726 |
| Cost weight – juvenile detainees | 9.41 | 8.98 | 9.33 |

Note: The juvenile detainee cost weight is calculated by dividing the yearly cost per juvenile detainee by the yearly cost per adult prisoner.

Source: Productivity Commission’s Report on Government Services 2024, Youth justice services Table 17A.21, Corrective services 8A.2 and ABS Prisoners in Australia 2023 Table 21.

If the cost weight is material once it has been applied to the final 2025 Review data, the Commission proposes to apply the cost weight to a (revised) 0–‍17 year age group, instead of trying to split the cost weight over 2 different age groups (the current 0–‍14 and 15–24 age groups).[[4]](#footnote-5) This is because it is simpler to apply a cost weight to one age group instead of calculating proportional cost weights for some of the prisoners in an age group (that is, not all prisoners in the 15–24 age group are juvenile detainees).

The 0–17 years age group will include all juvenile detainees derived from Australian Institute of Health and Welfare data. The cost weight would be updated yearly because prisons data are updated yearly. Consistent with the treatment of other cost weights in the justice assessment, materiality will not be tested each year.

##### Changes to the minimum age of criminal responsibility

As of March 2024, Victoria, the ACT and the Northern Territory have raised the age of criminal responsibility to 12, or plan to do so prior to the 2025 Review.[[5]](#footnote-6) Victoria and the ACT have committed to raising this age to 14 in the next few years. While Tasmania is likely to have raised the age of minimum criminal responsibility to 14 before the next review, it also plans to set the minimum age of incarceration at 16.[[6]](#footnote-7) New South Wales, Queensland, Western Australia and South Australia currently have no plans to raise the minimum age of criminal responsibility.

A significant change in the composition of the 0–14 age group might warrant revising the age group structure. However, even if all states transitioned to adopt 12 years as the minimum age of criminal responsibility prior to the 2025 Review, the 0–14 age group would still be appropriate because it would continue to capture juvenile detainee numbers. Therefore, if a juvenile detainee cost weight is not material, the Commission considers a change in the 0–‍14 age group is not warranted to account for changes in the minimum age of responsibility.

#### Commission draft position

The Commission proposes to include a cost weight for juvenile detainees in the prisons assessment, if material. The cost weight would be derived using juvenile detainee data from the *Report on Government Services* data. If material, the assessment will be implemented in the 2026 Update and updated each year for the remainder of the review period.

The Commission does not propose to change the prisons assessment to account for proposed increases in the age of criminal responsibility.

## Other issues raised by states

### Police assessment

Does the assessment reflect what states do?

Queensland said that the Commission’s current police model splits state expenses between ‘offender’ and ‘community’ policing. It interpreted the 2020 Review 31:69 split of police assessed expenses to reflect the costs associated with policing offenders versus policing the community.[[7]](#footnote-8) Queensland said that the ‘cost and time attributed to criminal activity’ within Queensland police is significantly higher than the approximately 31% of policing costs attributed to criminal policing.[[8]](#footnote-9) Queensland considered that the split of its offender and community policing costs was around 70:30.

Queensland proposed altering the police assessment to recognise expense needs through a socio-demographic composition assessment of assessed offenders that is weighted by regional costs (instead of applying the cost weights to regional populations).[[9]](#footnote-10) Queensland said that ‘spending on community policing, including crime prevention, providing a visible police presence and community safety and support, is driven by crime and propensity rather than population’.

During the state visit, Queensland also presented evidence that suggested policing offenders in remote regions is considerably more costly than in other regions.

The Victorian consultant said it is crucial to note that, within police expenditure, the costs extend beyond just the marginal cost of policing crime. Police departments engage in a variety of activities, each with their own associated costs, which need to be factored into the overall assessment. It said this highlights the need for a nuanced approach that considers the diverse range of police responsibilities and the complexities in estimating their costs.

Victoria said that the causal link between police presence and offence rates is unclear. Victoria considered that the current police assessment is based on reactive police measures, such as offender numbers, which are a poor indication of need. Victoria said that ‘modern policing is complex, with a growing focus on preventative and proactive services’.

Victoria recommended that, in the absence of robust preventative policing measures, the Commission should adopt a conservative approach and assess police equal per capita or discount the assessment.

Queensland said it did not support Victoria’s proposed changes to the police assessment because it considered preventative policing expenses were driven by crime and crime propensity, and that preventative and reactive policing were inherently intertwined.

Victoria also said the police regression was based on data on 139 police districts. It noted that each police district is not a standardised data point. Each district has a different sized area, population and composition. More importantly, each state has a different number of police districts. This means the regression results could be biased by the policies of states, including the size, number, and location of police districts. Unless the regression can be adjusted to account for differences in state policy, the regression should not be used, or a discount should be applied.

The Victorian consultant recommended using a simplified model based only on police district population and remoteness since it found the offence variable to be ineffective at capturing cost drivers.

The consultant also recommended that a population variable be added to the regression model to fully account for the differences in police district size. It held concerns that states’ different police district sizes would disproportionately affect the model, beyond what is accounted for by the population weighting of these districts. The consultant suggested that this is indicated by the different cost weights generated by adding population to the model.

#### Commission response

The police regression captures all recurrent expenses in the policing task and estimates a national average policing cost per offender and a policing cost for each regional area. As noted in the 2020 Review, this should not be interpreted as a split between the costs associated with targeting offenders and the cost of general community policing (as referred to in Queensland’s comments).[[10]](#footnote-11) Rather, the regression estimates the national average per offender policing cost and a policing cost for each region. It does not assign costs to a specific policing task.[[11]](#footnote-12) A more detailed breakdown of the current model is in Attachment A.

There are 2 elements used in the current police assessment.

* A socio-demographic composition assessment captures each population sub‑group’s national average offence rates and applies these to each state’s population. The police regression estimates the national average cost of each offender.
* A population-based assessment reflects the cost of policing in each remoteness region. The police regression estimates the national average cost of policing in each region.

Any state costs incurred through the policing of offenders, above that captured in the offender cost weight, will be captured in the regional cost weight calculation.

Assessing all police expenditure either by only using national average offender numbers, or only using population (per capita) would not adequately recognise all the drivers of police costs. Submissions from states and advice from police officials in previous reviews, as well as research undertaken by the Commission for the current review, indicate that in addition to providing resources based on the level of criminal activity (that is, offender numbers), police also carry out other activities such as preventative policing, central policing operations and providing extra government services in remote areas.

The current model recognises that the costs of these other activities are driven by population size and remoteness as well as offender socio‑demographic composition. An assessment that only relies on offender socio-demographic composition calculation would not capture all the costs related to other policing activities.

While testing in the 2020 Review indicated that capturing offender costs by region was not significant, the Commission considers that the high cost in remote regions is capturing the higher cost of policing offenders as well as higher cost of policing the regions. The Commission will test whether state data support an additional cost weight for remote offenders. Any change will be implemented in the 2026 Update.

In previous reviews, the Commission acknowledged that states weighed the balance between offender driven costs and costs driven by other activities differently. The difference between states may reflect state policy choices.

Research undertaken by the Commission for the 2025 Review suggests that state policies regarding policing activities continue to differ. In the last 5 years some states, such as Victoria and the ACT, have emphasised proactive policing strategies, such as increasing police visibility and providing community‑based programs aimed at reducing crime rates.[[12]](#footnote-13) These strategies have been guided by the National Crime Prevention Framework, which emphasises the importance of effective proactive policing in creating community safety and security.[[13]](#footnote-14) Queensland and Western Australia have indicated that, while they undertake proactive strategies, they maintain a focus on reactive policing.[[14]](#footnote-15)

During the state visit, Victoria Police indicated that, while preventative policing is becoming an increasingly important part of the policing task, resources are allocated according to availability and need at any point in time. It suggested that, for this reason, quantifying separate resource allocations for preventative and criminal policing would be difficult.

In relation to the police regression, the dataset contains costs, offence numbers and population for each police district in each state. Each state has a different number of police districts and so contributes a different number of data rows to the overall dataset (with each row representing the data for one police district).

While each state has a different number of police districts, each of the police district costs is weighted by the population in the police district. For example, if one police district contains 200,000 people, then the regression turns this into 200,000 data points, each with the same police costs per capita. The regression uses the cost per capita to estimate the national average policing cost in each region and national average cost per offender. Using this type of population weighting negates the bias due to states having different numbers and population sizes of police districts.

Regarding the consultant’s concern about different police district sizes affecting the model, the Commission considers the different regional weights produced by adding a population variable are due to the strong correlation between population and population-weighted police districts. When variables in a linear regression are correlated in this way, their impact on the model becomes difficult to disentangle, undermining the precision of the affected coefficients.

The Commission considers the current police assessment remains an appropriate method for determining states’ policing costs and provides a better horizontal fiscal equalisation outcome than an equal per capita or a discounted approach.

However, the Commission considers there may be a case for recognising increased costs for offenders in very remote regions and will consider this when analysing the data.

#### Commission draft position

The Commission proposes to retain the 2020 Review method for assessing police expenses, based on the socio‑demographic composition of offenders, population and their associated costs.

Further analysis of state data and consultation is required to determine whether there should be an additional cost weight for remote offenders. If the outcome of this analysis and consultation supports inclusion of an additional cost weight, it will be implemented in the 2026 Update.

### Allocation of central costs

New South Wales and Victoria outlined issues with the method used to allocate central policing costs to regions when deriving offender and regional cost weights.

New South Wales said allocating all central policing costs across all police districts/regions in a state overestimates the cost of remoteness. It considered that central costs should be allocated to police districts on an equal per capita basis, and an additional 25% discount should be applied to the regional cost gradient to account for higher central policing costs in metropolitan regions.[[15]](#footnote-16) New South Wales considered these central types of policing have significantly different service use rates across different remoteness areas.

Victoria considered the current method overestimates remoteness cost weights and the socio-demographic use weights. Victoria said it is more likely that central costs are driven by state population size rather than number of offences or remoteness of the population.[[16]](#footnote-17) By including these costs in the police regression, any relationship between expenditure, offence rates and remoteness will be amplified. Victoria considered that central costs should be excluded from the regression and assessed separately on an equal per capita basis.

The Victorian consultant also raised concerns with central costs being allocated across states’ policing districts. It recommended assessing some central costs on an equal per capita basis and most police support services costs allocated according to the number of full-time equivalent police officers.

Queensland said that it does not support New South Wales’ and Victoria’s proposals to split central costs. It said that splitting these costs is impractical and the application of police central services is too policy dependent. It suggested that regional and remote police services rely more heavily on central policy services because they lack the capability of metropolitan police stations. It also said that central policing costs are driven by actual policing need and are not detached from other police spending.

#### Commission response

In the 2020 Review, the Commission allocated each state’s central police costs across all its police districts (within a state). It used the resulting costs data to calculate regional cost weights (via a regression model).

While some types of police services such as counter-terrorism, state intelligence and cybercrime are likely to be skewed towards metropolitan areas, it is likely that some types of central costs (for example, those related to human resources, IT, education and financial services) would be used by police services across the whole state and not just major cities. Excluding all central costs from the regression would underestimate costs outside capital cities.

Data from states for the 2020 Review showed the national average central police cost, as a proportion of total policing costs, was 48%. This proportion ranged from 36% to 58% across states.

The Commission requested further data from states as part of the 2025 Review. The Commission proposes to use these data to inform its position on the appropriate treatment of central costs in the police assessment.

#### Commission draft position

Further analysis of state data and consultation is required to form a view on the treatment for central costs in the police assessment. The outcome of this analysis will be incorporated in the 2026 Update.

### Global cities assessment and regional costs

New South Wales said densely populated and highly globalised cities face costs and pressures that other areas do not. These include terrorism, complex crime, disproportionate rates of federal prisoners and culturally and linguistically diverse prisoners. These effects should be assessed jointly to determine materiality. Alternatively, police service use rates could be estimated by remoteness level, which may allocate higher shares of costs related to complex crime to metropolitan areas.

Queensland did not consider complex crimes to be unique to major cities and noted that the Commonwealth agencies often manages the investigation of these crimes. It also suggested there was a lack of evidence that the operation of justice services in major cities incurs greater expenses than anywhere else.

#### Commission response

In the 2020 Review, the Commission investigated policing costs relating to global cities, such as counter-terrorism, federal prisoners and culturally and linguistically diverse prisoners. It found that the available data were insufficient to reliably measure the relative impact of these drivers on state costs and that assessments of these drivers were unlikely to be material.

For the 2025 Review the Commission requested more recent data from states on policing expenses including those related to counter terrorism and complex crime. The Commission is analysing these data to determine whether certain costs are unique to major cities and whether a reliable material assessment can be developed.

The Commission investigated the materiality of federal prisoners. Table 2, shows the extra cost of providing services to federal prisoners is not material.

Table Cost of federal prisoners, 2022–23

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
| A. Number of federal prisoners | 650 | 372 | 136 | 126 | 35 | 8 | 12 | 22 | 1,361 |
| B. Yearly cost of a prisoner ($) |   |   |   |   |   |   |   |   | 111,508 |
| C. Yearly cost of all federal prisoners ($m) (A\*B) | 72.5 | 41.5 | 15.2 | 14.0 | 3.9 | 0.9 | 1.3 | 2.5 | 151.8 |
| D. Population (millions) | 8.2 | 6.7 | 5.4 | 2.8 | 1.8 | 0.6 | 0.5 | 0.3 | 26.3 |
| E. Per capita cost of federal prisoners ($pc) (C/D) | 8.8 | 6.2 | 2.8 | 5.0 | 2.1 | 1.6 | 2.9 | 9.8 | 5.8 |

Source: ABS Prisoners in Australia, 2023, Table 38 Federal prisoners selected characteristics by states and territories, 2013 to 2023; *Report on Government Services 2024*, Corrective services, Table 8A.20 Real net operating expenditure per prisoner and per offender per day, 2022‑23 dollars; ABS Estimated Resident Population 2022-23.

Regarding culturally and linguistically diverse prisoners, the Commission accepts there is a conceptual case that certain population groups could drive higher costs in providing justice services. However, there are significant impediments to reliably identifying and quantifying how such groups affect costs across justice services. In preparation for the next review, the Commission proposes to work with states and relevant data providers to examine available data and consider potential drivers.

#### Commission draft position

Further analysis of state data and consultation is required to determine whether certain police costs are unique to major cities and should be included in the police assessment. The outcome of this analysis will be incorporated in the 2026 Update.

The Commission proposes to consider how cultural and linguistic diversity affects state service costs as part of its proposed forward work program.

### Barriers to policy reform

Victoria considered the current assessment approach could present barriers to reform. In its submission, Victoria said:

For example, a state attempting to reduce Indigenous offence… rates may spend more, including on diversionary programs, and successfully reduce offence… rates for Indigenous residents. However, if that state has a higher-than-average proportion of Indigenous residents, reducing offence rates for that group would reduce the national average offence rate, and therefore the number of assessed offenders in that state, resulting in a reduction in its assessed justice expenditure needs. The state would effectively be punished for implementing good policy.[[17]](#footnote-18)

The Victorian consultant said it was important that any system of redistribution does not disincentivise investments in evidence-based measures that cut costs and crime. It advocated the allocation of cost weights to population characteristics directly, without employing offences as the only police service proxy.

The Victorian consultant said that the Commission should consider weighting different offence types by seriousness, using the National Offence Index, to reflect that costs involved in policing different offences are not equal. It considered that not recognising the unequal costs of policing different offences could disincentivise a state from reducing the number of minor offences it prosecuted. It suggested that this conflicted with the principle of policy neutrality.

The consultant also recommended that offences should be excluded from the model if they are overly influenced by state policies, or a discount be applied to the assessment, to account for the impact of state policy on offender numbers.

#### Commission response

The Commission’s assessments are designed to be based on national average policies. If all states report a reduction in 15–24-year-old offenders, for example, then the assessment will capture the national average reduction. If only one state reports a reduction in 15–24-year-old offender rates, it is unlikely to materially affect the national average use rates. In this case, a state with fewer than national average 15–24-year-old offenders would not see a reduction in its GST share.

For example, a state would be assessed to need the national average level of expenses to provide police services in relation to 15–24-year-old offenders. However, if its own offender rates have decreased, that state is considered to be more efficient and gets to keep the assessed GST difference between its lower level of 15–‍24-year-old offender rates and the national average level.

The Commission’s current police assessment considers all policing costs, not only costs related to offender rates. If a state chooses to increase spending on diversionary programs to reduce offending, these costs will be captured as part of other policing activities costs in the police assessment and inform the national average per capita costs for policing in each region.

In relation to the weighting of offences by seriousness, the Commission acknowledges there is a conceptual case that the cost of investigating some crimes is significantly more expensive than others. A state may face higher costs beyond its control if these offences are committed more often within its borders than in other states.

However, the Commission is not aware of any available data that would allow it to determine whether a more serious crime equates to greater policing costs in each case. For instance, it cannot determine whether an investigation into illicit drug importation is more costly than a murder investigation despite it being considered a less serious crime in the National Offence Index.[[18]](#footnote-19) It is also true that the costs associated with 2 crimes of the same seriousness may differ dramatically. The Commission therefore considers the weighting of offences by seriousness to be unfeasible given current data availability.[[19]](#footnote-20)

The Commission does not consider having an equal weight for each offence to conflict with the principle of policy neutrality. With an equal weighting of offences states may focus police activities on whichever offences they choose.[[20]](#footnote-21) These policy choices form part of the national average policy on what states spend per offender. This cost weight is then applied to each state’s assessed offenders rather than its actual offenders. In this way, individual states are only able to influence their assessed GST needs in proportion to how much they affect national average policies.

Excluding certain offences from the national average because they might reflect policy choices would therefore be inappropriate. Furthermore, the Commission does not consider a discount to be warranted because the impact of individual state policies is mitigated by using national averages.

Given the current data availability, the Commission considers the assessment method to be appropriate for assessing state spending on police services. It has not identified any evidence suggesting that the method is not broadly capturing states’ spending needs.

#### Commission draft position

The Commission does not propose to make changes to the police assessment due to potential barriers for policy reform.

### Exclusion of traffic and breach of bail offences

Western Australia said the Commission should determine if there has been any change in the robustness of traffic and breach of bail offence data and revisit the decision to exclude these offences if data are sufficiently robust. Because traffic and breach of bail offences make up a significant proportion of total offences, it suggests their inclusion would provide a more accurate representation of police expenses.

#### Commission response

During the 2020 Review the ABS recommended the Commission exclude traffic and breach of bail offence data because of quality and comparability concerns.

The Commission sought advice from the ABS about whether this would again be the case for data provided for the 2025 Review. The ABS indicated that it had not recently reviewed the quality and comparability of traffic and breach of bail offence data across states. In the absence of evidence of improvements in the quality and comparability of the data, the Commission considers that these data have not been demonstrated as being fit for purpose. Therefore, traffic and breach of bail offence data will again be excluded from the assessment.

The Commission does not consider the exclusion of these offences to raise significant issues with the model since, as noted in the 2020 Review, they tend to require fewer resources than other types of crime.

In any event, it is likely the model used in the police assessment would partially capture the effects of these types of offences. For example, to the extent people committing these offences share a similar profile to other offenders, the regression will attribute costs to offender numbers. If their profile is different, as may be the case with some traffic offenders, the regression will attribute costs to police activities other than those relating to offender numbers.

#### Commission draft position

The Commission proposes to continue to exclude traffic and breach of bail offence data from the police assessment.

### The use of proceedings data for assessed offenders

The Victorian consultant recommended that the Commission use ABS’ offender counts rather than its proceedings count to calculate the Commission’s measure of assessed offenders.[[21]](#footnote-22) It considered proceedings to be an inappropriate measure of cost allocation.

#### Commission response

The Commission uses proceedings data in the police assessment to ensure that it captures the costs associated with investigating and charging a single offender on multiple occasions within a single year.[[22]](#footnote-23) For instance, an individual may be charged with several offences in July and then further offences in November. This individual would be counted as a single offender but have 2 separate proceedings recorded against them.[[23]](#footnote-24) Using the ABS’ offenders count would not recognise the costs associated with the second (or more) separate instances of offending.

Commission analysis of ABS’ proceedings data for 2022–23 indicates that 27% of offenders have more than one proceeding against them.[[24]](#footnote-25) The costs associated with multiple proceedings against a single offender would therefore have a significant impact on the cost of policing.

#### Commission draft position

The Commission proposes to continue to use proceedings data in the calculation of assessed offenders as it considers they are an appropriate measure of offenders in the assessment.

### 5-tier socio-economic status structure for First Nations people

The Victorian consultant recommended that the Commission adopt the standard 5‑tier structure of assessing First Nations socio-economic status groups rather than the 2020 Review method’s 3-tier structure. It said that the non-linear relationship between socio-economic status and offences did not warrant merging socio‑economic groups together and overlooks the nuances of the relationship. It also noted that other variables had non-linear relationships, such as remoteness, but the structure of these were not simplified.

#### Commission response

For many years, criminologists have identified a strong relationship between socio‑economic status and offence rates.[[25]](#footnote-26) In previous reviews, the Commission has consistently adopted the use of a socio-economic status structure that shows this linear relationship. In the 2020 Review, the linear relationship was observable in the 5-tier socio-economic structure for non‑Indigenous people. However, for First Nations people, the same relationship was not found using a 5-tier structure. Instead, a simplified 3‑tiered approach was found to assess the socio‑economic status of the First Nations population as accurately as the available data allowed.[[26]](#footnote-27)

Adopting a socio-economic structure that does not show a linear relationship may mean that the measure is capturing the effects of factors unrelated to socio‑economic status (for which the Commission cannot control because of data limitations). For First Nations people, this may reflect the effects of structural inequalities or being removed from culture and/or family.[[27]](#footnote-28)

In relation to other variables with non-linear relationships that are not simplified, the Commission only alters the structure of these if it identifies a reason to do so, or on materiality grounds. As the remoteness variable can capture related effects such as economies and diseconomies of scale, the Commission does not expect the remoteness variable to always have a linear relationship.

#### Commission draft position

The Commission proposes to continue to apply the socio-economic status approach for First Nations people that best reflects a linear relationship with offence rates.

Further analysis of state data and consultation is required to determine an appropriate socio-economic structure for First Nations people. The outcome of this analysis will be included in the 2026 Update.

### Discounting for method and data concerns

The Victorian consultant recommended that the Commission apply a discount to the police assessment because of concerns over not attributing a cost weight for different offence types and to recognise the inconsistencies in data reporting across states.

#### Commission response

The Commission acknowledges that states incur different costs for different types of offences and there are some differences in the way states collect data. However, it is currently not aware of any evidence suggesting that these differences are having a material impact on its estimate of states’ police expense needs.

The assessment recognises that geographically large states with dispersed populations and higher levels of disadvantage are expected to spend more per capita on policing. As noted in the *Commission’s position on fiscal equalisation, supporting principles and assessment guidelines* paper, applying a discount for the general uncertainty over method or data may result in an inferior assessment.[[28]](#footnote-29) The Commission has not identified any evidence suggesting that the police assessment is significantly adversely affected by method or data concerns and is not broadly capturing state needs such that a discount is warranted.

#### Commission draft position

The Commission proposes not to apply a discount to the police assessment to account for the inability of the assessment to recognise different costs for different offence types or inconsistencies in data reporting.

## Criminal courts

### Criminal courts finalisations

Victoria considered the conceptual case and data to support the criminal courts assessment lacked robustness and that a discount should be applied.

Victoria said that the relationship between state spending and the volume of finalised defendants who used criminal courts was highly variable between states, and therefore is an inadequate measure of state need. Victoria considered the current assessment lacked appropriate data to capture expense needs.

The consultant said that in the 2020 Review, state-reported data on court expenses showed a strikingly wide variance in the proportion of criminal court expenditure across states. This high variance questions the data’s reliability for making accurate comparative assessments or for drawing broad conclusions about state-level spending practices.

During its state visit, Victoria also suggested that programs, including several of its specialist courts, that were used to divert people away from the court systems were not captured in national data.

#### Commission response

##### Data used in the criminal courts assessment

The Commission’s criminal courts assessment uses primarily state provided data to estimate regional costs as well as the number of assessed finalised defendants in each state by Indigenous status, age, remoteness and socio‑economic status.[[29]](#footnote-30)

The Commission acknowledges there are policy differences in how states provide their criminal court services that may affect the number of finalised defendants or courts costs in the data provided to the Commission.

For example, the number of a state’s actual finalised defendants reflects the level of crime within that state and the propensity of police, in accordance with state policy, to deal with matters outside of the court system by using measures such as warnings and infringement notices.

The Commission has identified several factors that influence states’ actual spend per defendant in criminal courts.

* The structure of court systems differs by state. Most states have 3 levels of courts, however there are only 2 in Tasmania, the ACT and the Northern Territory.
* The types of cases heard by each court level varies between states as well as the method used to finalise them. This means, for instance, that a similar case presided over by a magistrate in one state may require a trial by jury in another, which are generally more costly.
* The number of staff employed by states to provide court services vary, after controlling for number of finalised defendants.

The Commission also understands that the number of active cases in a state’s courts system can affect the actual cost per defendant. Adjournments, re‑trials, late entering of pleas and other related activities which lengthen the court process (therefore increasing the cost per defendant) occur most often where resourcing is overstretched.[[30]](#footnote-31)

The Commission notes the current assessment only applies a regional cost weight (based on national average costs) to magistrates’ courts. This is because in the 2020 Review it was found that magistrates’ courts were the main level of court affected by regional cost differentials.[[31]](#footnote-32) These costs are applied to assessed finalised defendants in each region.[[32]](#footnote-33)

While the additional costs of some higher courts, such as district courts, were identified in the 2020 Review, these were found to be largely offset by the fact that not all defendants from remote areas whose cases were finalised used remote courts. For simplicity these offsetting costs were excluded from the gradient.

Despite there being a number of differences between states that affect defendant numbers and criminal courts costs, the Commission considers it reasonable, and less complex than alternative approaches, to assume there is a relationship between defendant volume and state court expenses. Also, the assessment uses national average finalised defendants and costs which provides a policy neutral measure of assessed GST needs. The only cost weight applied in the assessment relates to magistrates’ court costs. This cost weight reflects the national average cost of magistrate’s courts in remote versus non‑remote regions. As magistrates’ court costs are only a proportion of total court costs, this reduces the effect of variability in costs across states.

The current assessment uses finalised defendants as a measure of criminal courts use. The Productivity Commission, while reporting on finalised defendants, also uses ‘lodgements’ as the basis of court workload and indicator of community demand for court services.[[33]](#footnote-34) However, the number of lodgements does not always equal the number of finalisations in the same year as not all matters lodged in one year will be finalised in the same year.[[34]](#footnote-35) The Commission is not aware of other sources of data that could be used as an alternative for criminal courts use.

The Commission considers that finalised defendants remain the best available data to capture drivers of states’ criminal court expense needs.

##### Specialist courts and diversion programs

The current criminal courts assessment includes states’ spending for all courts related expenses as defined by the Government Financial Statistics data. This enables the Commission to include all criminal courts spending in its assessment, including the costs of running specialist courts and court-based diversion programs.

While the number of assessed finalised defendants currently excludes finalised defendants in specialist courts and diversion programs, excluding these data produces a better nationally comparable cost per assessed defendant.[[35]](#footnote-36) Defendants in these types of programs are finalised (and therefore counted as a finalised defendant) in the court where their case was first heard, normally the magistrates’ court.[[36]](#footnote-37) Including any additional finalisations would lead to double counting of finalised defendants because these programs are often provided by the same court.[[37]](#footnote-38) This would impact how the Commission calculates the national average of what states spend on each defendant, particularly if states provide these services at different rates.

Expenses relating to some diversion programs may not be captured using the current method because they may be provided by non-court agencies. These types of costs may be assessed elsewhere in the justice profile, such as the police assessment, or may be captured in the Commission’s other categories. For example, some costs associated with drug diversions may be captured in the health assessment because in some states they are funded by health agencies. The Commission considers reallocating these expenses from other categories to criminal courts to be impractical as it would require highly disaggregated state data. Producing these data, if possible, would place a burden on states.

#### Commission draft position

The Commission proposes to continue to use the number of finalised defendants as it considers it remains the most appropriate driver of criminal court expenses and is a suitable measure for determining state spending needs.

### Data quality and averaging in the criminal courts assessment and defendant socio-economic status

Victoria said that using data from only 5 states in the socio-demographic composition calculation and 4 states in the criminal courts regional cost gradient fails to accurately capture the average of state policy.

The Victorian consultant recommended limiting modelling to data available in every state (age and socio-economic status) or imputing data for any missing states rather than excluding them from the national average.

#### Commission response

Data from Victoria, Tasmania and the ACT were not included in the socio‑demographic composition calculation for the 2020 Review because these states were unable to provide the Indigenous status of finalised defendants.

Six states provided data for the criminal courts’ regional gradient. However, data from 2 states were not useable. This is because the cost data those states provided were distributed proportionally to the number of finalisations a court had. These data were not the actual cost of these courts and therefore offered no ability to compare costs between remote and non‑remote areas.

For the 2025 Review, the Commission agrees that, where possible, the assessment should be based on data from all states. However, given the importance of Indigenous status, limiting modelling to only those data available for every state would be contrary to the objective of horizontal fiscal equalisation.

#### Commission draft position

The Commission proposes to use data from all states in the criminal courts component. If this is not possible, the Commission will use its judgement to determine the best approach consistent with the objective of horizontal fiscal equalisation.

Further analysis of state data and consultation is required to determine the socio‑demographic composition calculation for the regional cost gradient in the criminal courts assessment. The outcome of this analysis will be included in the 2026 Update.

### Treatment of not-stated Indigenous status

Western Australia said it did not support the current 2020 Review method used to attribute Indigenous status to criminal court finalised defendants who have not provided their Indigenous status.

Western Australia noted the Commission currently applied the Indigenous status from population shares (that is, estimated resident population) to those finalised defendants with a ‘not-stated’ Indigenous status. It provided data to show this approach underestimated the number of finalised defendants who identify as First Nations.

Western Australia said Indigenous status should be attributed to the not‑stated finalised defendants based on the proportion of ‘stated’ defendant responses, which the Commission does elsewhere in the justice assessment.

The Victorian consultant supported the use of the 2020 Review method of attributing not-stated responses based on population proportions.

#### Commission response

In the 2020 Review the Commission was concerned that attributing Indigenous status to not-stated finalised defendants by shares of stated defendant responses would overestimate the number of First Nations finalised defendants. Similar to the Victorian consultant’s view, it considered the vast majority of First Nations offenders may have already been identified in the data.

Data provided by Western Australia for the 2020 Review showed a large proportion of the state’s non-stated defendant responses for traffic offences came from areas where First Nations people make up a smaller proportion of the population.

Western Australia’s 2022–23 data show 24% of finalised defendants (before attributing Indigenous status to not-stated responses) identified as First Nations.[[38]](#footnote-39) This proportion of First Nations responses more closely aligns with 2020 Review data when not-stated responses are attributed by shares of stated defendant responses (23% First Nations) rather than population shares (16% First Nations).

The Commission also notes that the proportion of not-stated defendant responses has fallen to 7% in the 2022–23 data down from 41% in the 2020 Review data.

As data provided by Western Australia informed the decision in the 2020 Review on how to attribute not-stated responses, the Commission considers that attributing Indigenous status to not‑stated finalised defendants by shares of stated defendant responses would not overestimate the number of First Nations finalised defendants.

#### Commission draft position

The Commission proposes to attribute Indigenous status to not-stated finalised defendants by the proportion of the stated defendant responses for inclusion in the 2026 Update. This means all justice components will now use the same approach to attributing not-stated responses.

### Regression for regional and service delivery scale costs

Western Australia considered a regression could be used to quantify a regional cost factor in the criminal courts component. It said this regression could also be used to account for service delivery scale costs. Western Australia suggested that if a regression cannot be developed for the criminal courts component, the service delivery scale factor derived from the prisons assessment should be applied to criminal courts.

#### Commission response

The regional cost gradient in the current criminal courts assessment recognises the combined effect of regional and service delivery scale costs. The gradient takes into account:

* the relative costs of court services in different regions
* the standard of service provided in different areas
* the propensity of residents to travel to non-remote areas to attend court
* that magistrates’ courts represent about half of all court costs, and higher courts rarely travel to remote areas.

In the 2020 Review, the Commission decided to adopt a simple approach to calculating costs for different court districts due to data limitations and offsetting cost factors.

As states were unable to meaningfully attribute court costs at the district level, the regional costs gradient could only account for proportionally higher costs per case at the regional level. The cost gradient was only applied to the magistrates’ courts since data showed this was the main level of criminal court affected by regional factors.

While the additional costs of some higher courts, such as district courts, were identified in the 2020 Review, these were found to be largely offset by the fact that not all finalised defendants from remote areas used remote courts. For simplicity these offsetting costs were excluded from the gradient.

A regression may potentially be developed if state data are of sufficient quality and were able to be disaggregated at the district level. However, given the offsetting factors a regression may add unnecessary complexity to the model.

#### Commission draft position

The Commission proposes to continue to apply a cost gradient when assessing regional and service delivery scale costs in the criminal courts assessment. Updated data has been requested from states for the 2025 Review. Analysis of the updated state data and consultation is required to determine an appropriate cost gradient. The outcome of this analysis will be included in the 2026 Update.

### Split between other legal services and criminal courts

Victoria said the expense split between criminal courts and other legal services was unreliable because it relied heavily on state data. It considered the data had high levels of variability likely due to classification inconsistencies between states. The Victorian consultant raised similar concerns.

Victoria recommended the Commission use the *Report on Government Services* criminal courts expenditure data for criminal and civil courts and place any remaining difference between expense totals in *Report on Government Services* data and Government Financial Statistics data into the other legal services component.

#### Commission response

The Commission has previously explored using *Report on Government Services* data for splitting criminal courts and other legal services but found it unsuitable. Non‑courts expenditure (such as the costs of running state departments of justice and legal aid) are a large portion of state expenses and are not captured in the *Report on Government Services* data. Some criminal court related expenses, such as those incurred by specialist courts, are also excluded.

Victoria’s proposed method would attribute any courts costs missing from the *Report on Government Services* to the other legal services expenses, although some of these expenses would relate to criminal courts. Splitting court expenses in this manner would not provide the best estimate of costs incurred by states’ criminal courts and other legal services.

#### Commission draft position

The Commission proposes to continue to use data provided by states for the 2025 Review to split other legal services and criminal courts expenses.

## Prisons

### Prisons regression and cost weights

New South Wales said the prisons assessment lacked evidence to support inclusion of the service delivery scale factor in calculating a regional cost gradient. While it agreed small prisons are more expensive than large prisons, it did not consider the effect reliably driven by remoteness. It said remote prisons were not driven by necessity and may not reflect average state policy.

New South Wales said its state-level modelling suggests the operating costs of metropolitan prisons in New South Wales were higher (per prisoner) than for remote prisons. New South Wales proposed the Commission replace the remoteness dummy variable in the prisons regression with a major cities dummy variable. Alternatively, it said a discount to remoteness and service delivery scale effects may be appropriate to recognise standard errors and uncertainty.

Victoria said the conceptual case for cost weighting remote prisons based on remote residents was weak and the Commission had not presented a compelling case that there was a material relationship between population remoteness and prison remoteness. It considered neither a remoteness cost weight nor a combined remoteness and service delivery scale cost weight should be applied to the prisons component. At the very least, a high discount should be applied.

Victoria said prisons are not located based on population dispersion, nor are prisoners commonly imprisoned near their prior residence. Prison location is independent of prisoner origin and prisons are not built in a particular location to service the imprisonment needs of the surrounding area. Prison locations are often based on historical circumstances or are a policy choice. Prisoners are placed and moved between prisons based on capacity and prisoner characteristics (such as gender, security needs, medical needs, and the stage of their sentence). Victoria said the situation appears similar in other states, with security being the primary driver and proximity to family sometimes not referenced at all.

Victoria said the results of the 2020 Review prison regression were not statistically significant, with high standard errors. It suggested the results were not sufficiently robust to meet the Commission’s principles or the review terms of reference. It said the Commission used judgement to apply the results, without any discount to account for associated uncertainty. For example, in the 2020 Review, the Commission stated:

the regression approach represents the most reliable available measure of the likely magnitude. As such it has decided to use the regression-based approach. It is worth noting that one reason for the low explanatory power of the model is major differences between States in the cost per prisoner. However, whether this reflects different levels of efficiency, or different accounting treatment and data standards, cannot be determined.[[39]](#footnote-40)

The Victorian consultant suggested the Commission further explore regional costs given their analysis of the prisons regression, based on Victorian data, which found the remoteness coefficient to be insignificant. It noted that its findings showed the relationship between prison costs and remoteness was the opposite of the Commissions’ assessment and were similar to New South Wales Treasury’s analysis.

Queensland said that remoteness is a key cost driver within the prisons model and adds considerable explanatory power.

Western Australia said the conceptual case for costs being higher for prisons in remote areas was very strong. However, the prisons regression that calculates regional cost factors has a relatively low explanatory power. In the 2020 Review, the adjusted R-squared statistic was 19% which implies that a large proportion of variance in the prisoner cost variable is not explained by the independent variables included in the regression. It also implied that the coefficients of those variables are not robust.

It suggested the following variables influence prison expenses: prisoner gender, remand prisoners, prisoners with disabilities, prison age, prison funding model. If included in the regression, these variables could potentially increase the regression’s explanatory power. Western Australia considered these data could be obtained from states.

Queensland said that adding new variables to the model would produce a less meaningful regression, introduce policy influence and increase complexity.

#### Commission response

In the 2020 Review, the prisons cost weights (which took into account a combination of service delivery scale,[[40]](#footnote-41) remoteness and maximum-security prisoner costs) were calculated using a regression model. The regression had an R-squared of 0.2133 and adjusted R‑squared of 0.1887.[[41]](#footnote-42) This suggests it had a low explanatory power with only around 20% of the variation in the output variables being explained by the input variables. The Commission considered that, while greater explanatory power was preferable, the conceptual case for the assessment was strong and the regression approach was the most reliable measure available.

The Commission acknowledges state concerns with the regression method and reiterates that a regression model with greater explanatory value is preferred. Data provided by states for the 2025 Review will be analysed to determine whether a regression-based approach remains appropriate.

##### Regional cost weights

In the 2020 Review, a combined service delivery scale and regional cost gradient was calculated based on prison location but was allocated to states based on the usual residence of the assessed prison population. The regional cost was reduced by around 60% to account for the fact that not all prisoners from remote locations will go to a remote prison.[[42]](#footnote-43) Allocating the costs in this way led to prisoners assessed to originate from remote areas being 17% more expensive than prisoners assessed to originate from non‑remote areas.

All states currently have prisons in major city, inner regional or outer regional areas. Queensland, Western Australia, South Australia and the Northern Territory also have prisons and/or prison work camps in remote or very remote regions.[[43]](#footnote-44) These 4 states also have above-average or close-to-average remote populations (Figure 1).

Figure Shares of total remote population, 2022–23



 Source: Commission calculation.

Not all states with remote populations have a remote prison, for example, New South Wales and Tasmania have remote populations and no remote prisons. However, the Commission’s approach to average policy is based on a weighted average of all states, recognising that some states may choose not to provide a service. Therefore, the Commission considers it average policy to have prisons in remote areas to service remote populations.

The Commission considers that there is a reasonable link between remote prisoners’ usual address and their placement in a remote prison. For instance, in Western Australia, remote prisoners are more likely to be sent to a prison in the same region as they were convicted. This indicates that residents of the Pilbara, for example, will be sent to a remote prison at Roebourne.[[44]](#footnote-45) The Commission acknowledges that not all remote prisoners will go to a remote prison. However, the regional cost weight is adjusted to reflect this.[[45]](#footnote-46)

Several factors influence where a prisoner is placed.[[46]](#footnote-47) While the location of a prisoner’s family may be considered during prisoner placement or prison transfers, it does not appear to be the main deciding factor for most states. Other considerations, such as the prisoner’s security classification, risk posed to others or their own welfare and medical conditions, appear to be stronger factors.

The Commission also notes, however, that Queensland prisoner placement and transfer information mentions that prisoner welfare in relation to family proximity and First Nations family links are taken into consideration for placement. Information from Western Australia also mentions that remote prison work camps allow First Nations prisoners to maintain links with traditional lands, culture and family.

The Commission does not consider that the link between a prisoner’s usual place of residence and their prison placement is as strong for non-remote areas. This view is supported by data provided by Victoria in its submission.[[47]](#footnote-48) They show that a prisoner from a non-remote area may be placed in a major city, inner regional or outer regional prison. However, the Commission notes that Victoria’s data show that outer regional prisons largely hold prisoners from outer regional areas. This may suggest the link between prisoner usual place of residence and prisoner placement increases as remoteness increases.

The Commission acknowledges that the current assessment method has some limitations as no strong relationship has been established between non-remote prisoner usual place of residence and prison placement. The higher costs of major city prisons compared with inner regional and outer regional prisons is less influential in the 2020 Review model when it is combined with these other remoteness areas. This is done because the Commission has no means of determining whether an assessed offender from a major city, for instance, will be placed in a major city prison rather than an inner regional or outer regional prison.[[48]](#footnote-49) As such, the costs associated with major city prisons cannot be attributed directly to assessed major city prisoners. Therefore, applying a more disaggregated regional cost weight to assessed prisoners in non-remote areas would be inappropriate.

If data received from states as part of the 2025 Review process show a material relationship between regionality and costs, the Commission proposes to maintain an assessment of the cost of regional prisons. It will examine data to determine the relationship between regionality and costs and investigate whether a regression approach to estimating regional costs remains appropriate.

##### Service delivery scale

Based on state provided 2020 Review data, nearly all states have small or very small prisons, across all regions.[[49]](#footnote-50) The majority of small and very small prisons were in major city to outer regional areas (16) compared with remote and very remote regions (8). One very large prison was also located in a remote area.

This information suggests it is average policy to have small prisons across all regions. However, the Commission is not aware of any evidence that suggests states need to have a certain number of small prisons in a specific region. The number of small (or large) prisons each state has across its regions may be due to policy choices.

The Commission proposes to reassess the treatment of service delivery scale costs using 2025 Review data to determine if an assessment of service delivery scale is required.

#### Commission draft position

Further analysis of state data and consultation is required to determine an approach to regional and service delivery scale costs for the prisons assessment. The outcome of this analysis will be included in the 2026 Update.

### Defendant socio-economic status used as a proxy

Victoria considered the use of defendant socio-economic status as a proxy for prisoner socio-economic status to be inappropriate because state defendant data were incomplete and likely biased. It suggested, for this reason, that socio‑economic status should not be used in the assessment, or a discount should be applied.

While the Victorian consultant did not examine this data issue, it supported the approach of using defendant socio-economic status as a proxy for prisoner socio‑economic status. The consultant considered that the complex relationship between socio-economic status and sentencing patterns is not oversimplified by the approach.

#### Commission response

The Commission uses defendant socio-economic status as a proxy for prisoner socio-economic status as data on prisoner socio-economic status are not available.

During the 2020 Review, defendant data from 5 states were used to estimate defendant socio-economic status. This was because, as noted above, Victoria, Tasmania and the ACT were not able to provide finalised defendants’ Indigenous status.

For the 2025 Review, the Commission will use all available and robust data for calculating defendant socio-economic status. This issue is discussed above.

#### Commission draft position

The Commission proposes to continue to use defendant socio-economic status as a proxy for prisoner socio-economic status in the prisons assessment without applying a discount.

### A separate assessment of non-custodial services

New South Wales asked for a split between custodial and non-custodial services in the prisons component, noting non-custodial services make up about 65% of corrective services, but only 15% of corrective services costs. Given the disproportionate costs of full-time custodial and non-custodial services, it considered a separate assessment was appropriate.

Queensland did not support the introduction of a split between custodial services because it considered non-custodial expenses to be policy contaminated and changes in their magnitude since the 2020 Review to be driven by New South Wales.

#### Commission response

Non-custodial sentences include a broad range of activities, with certain sub‑classifications of these sentences being outside the scope of prison-type expenses.[[50]](#footnote-51) Community correction orders are a subset of non-custodial sentences and appear to be closer to the scope of the type of expenses included in the prisons assessment.[[51]](#footnote-52) The Commission considers there is a conceptual case for community corrections orders to be assessed in the prisons assessment.[[52]](#footnote-53)

The Commission has tested the materiality of including an assessment for community correction orders based on the 2024 Update prisons assessment and found it to be material. The Commission will retest the materiality of community correction orders using 2022–23 and 2023–24 data. If material, an assessment of these orders will be included for the prisons assessment in the 2026 Update. By using national average policies, the Commission mitigates the impact of individual state policies on community corrections expenses.

The Commission calculated the materiality using the Productivity Commission’s *Report on Government Services* data for the expense split between prisons and community corrections expenses and ABS data for number of persons undertaking community corrections orders (which is broken down by Indigenous status and age).[[53]](#footnote-54) The socio‑economic status profile of people undertaking community corrections was assumed to be the same as finalised defendants.[[54]](#footnote-55)

#### Commission draft position

The Commission proposes to include an assessment of community correction orders in the prisons assessment if it is material in the 2026 Update. To account for the socio-economic status profile of people on community correction orders, the Commission proposes to apply the socio-economic status profiles currently used for finalised defendants.

## Draft 2025 Review assessment method

Data for 2019–20 to 2021–22 are not considered fit for purpose given COVID-19 related impacts. The Commission considers it preferable to use the most recent data for 2 years which are not impacted by COVID-19, this would be data for 2022–23 and 2023–24. However, given there is insufficient time to analyse and consult on 2023–‍24 state data to be included in the 2025 Review, the Commission proposes to finalise the justice assessment after the 2025 Review in the 2026 Update. The proposed process and timing are outlined in Attachment B.

Following consideration of state views on the consultation paper, the Commission is considering several proposals for further analysis, including:

* Whole of justice assessment:

Maintain the 2020 Review method for GST distribution in 2025–26.

Adopt any method changes and incorporate 2022–23 and 2023–24 data into the assessment in the 2026 Update.

* Police:

Determine an appropriate treatment of police central costs.

Determine if there are global city type police expenses that are unique to major cities and test if these are material.

Determine if adding a cost weight for remote offenders is appropriate.

* Courts:

Distribute ‘not-stated’ Indigenous status defendant responses by shares of ‘stated’ responses.

* Prisons:

Include a cost weight for juvenile detainees, if material, and alter age groups to reflect a new 0–17-year-old range.

Include an assessment of community corrections expenses if material.

Determine an appropriate treatment of regional costs.

Determine whether an assessment of service delivery scale is required.

Table 3 shows the proposed structure for the 2025 Review justice assessment.

Table Proposed structure of the justice assessment

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Component |   | Driver | Influence measured by driver |  |  | Change since 2020 Review? |  |
|    |    |    |    |  |  |  |  |
| **Police** |  | Regional costs | Recognises the cost of providing police services increases as the level of remoteness increases. *(method for distributing central costs to be determined based on analyses of data and consultation with states)* |  |  | To be determined |  |
|  |  | Offender cost | Recognises the cost of providing police services due to offender numbers. *(additional cost for remote offenders will be considered based on analyses of data and consultation with states)* |  |  | To be determined |  |
|  |  | Socio-demographic composition  | Recognises that certain population characteristics (Indigenous status, age, and SES) affect the degree of police activity. |  |  | No |  |
|  |  | Wage costs (a) | Recognises the difference in wage costs between states. |  |  | No |  |
| **Criminal courts** |  | Regional costs | Recognises the additional costs of providing services in remote areas.*(method to be determined based on analyses of data and consultation with states)*  |  |  | To be determined |  |
|  |  | Socio-demographic composition  | Recognises that certain population characteristics (Indigenous status, age, and SES) affect the use of criminal court services. |  |  | No |  |
|  |  | Wage costs (a) | Recognises the difference in wage costs between states. |  |  | No  |  |
| **Other legal services** |  | Regional costs | Recognises the additional costs of providing services in remote areas.*(method to be determined based on analyses of data and consultation with states)* |  |  | To be determined |  |
|  |  | Wage costs (a) | Recognises the difference in wage costs between states. |  |  | No |  |
| **Prisons** |  | Regional costs | Recognises the additional costs of providing prison services in remote areas.*(method to be determined based on analyses of data and consultation with states)* |  |  | To be determined |  |
|  |  | Juvenile detainee costs  | Recognises the higher cost of providing services for juvenile detainees *(if material)*. |  |  | To be determined |  |
|  | Socio-demographic composition  | Recognises that certain population characteristics (Indigenous status, age and SES) affect the use of prisons*. (A socio-demographic composition assessment of people on community correction orders will be implemented if material).* |  |  | To be determined  |  |
|  |  | Wage costs (a) | Recognises the difference in wage costs between states. |  |  | No |  |

Note: The 2020 Review method included an assessment of national capital policing costs. For the 2025 Review, the Commission is proposing that the national capital assessment be discontinued. Please see the national capital chapter for more information.

(a) The Commission will separately consult with states on the wages assessment.

## Indicative distribution impacts

* 1. For the 2025 Review, the justice assessment will be based on the 2020 Review method. Changes in GST distributions in the 2025 Review will reflect updates to annual data.
	2. The Commission will consult states on any proposed method changes and provide details of the indicative distribution impacts prior to the 2026 Update.

## Attachment A: Current police model

The police assessment includes costs for all police activities that closely match those types of expenses outlined by the ABS’ Government Finance Statistics (COFOG 0311) Police Services classification.[[55]](#footnote-56) For example:

* central costs
* preventative policing
* investigating, processing, transporting and detaining offenders
* all other police activities.

The current assessment uses a regression model to estimate the national average cost for policing activities associated with:

* Offenders ­– this is a national average per offender policing cost
* Regional cost of policing – this is a per capita policing cost weight for each region that is not dependent on offender numbers. It includes all costs not already captured in the national offender cost weight.

While each state may have its own estimation of crime versus non‑crime costs, the regression reflects the national average costs associated with policing in general.

The cost estimates produced in the regression inform the offender and regional cost weights. The offender cost weight is applied to the number of assessed offenders in each state, while the regional cost weights are applied to the population in each remoteness area.

Figure A-1 below demonstrates how the model estimates police costs.

Figure A‑ How expenses are modelled in the police regression

Note: Expenses and offenders are state-provided data. State-provided offenders are scaled to the proceedings total estimated using ABS data. Population data are sourced from the ABS.

Source: Commission calculation.

## Attachment B: proposed process and timing for finalising the justice assessment

|  |  |
| --- | --- |
| Timing  | Process |
| **2024** |  |
| April – May | 2022–23 justice data provided by states |
| May - July | Data validation |
| June | Draft Report outlines Commission response to states’ submissions on the justice consultation paper |
| June – July  | Data processed and collated |
| August – end 2024  | Data analysis and calculation build |
| **2025** |  |
| April  | Justice draft assessment paper released to states  |
| May  | State submissions on draft assessment and 2023–24 data due |
| July | Final assessment paper released to states |
| **2026** |  |
| February  | New justice assessment applied in the 2026 Update |

1. Prisoner data are sourced from the ABS. Juvenile detainee data are sourced from the Australian Institute of Health and Welfare. Courts costs are sourced from the Productivity Commission. [↑](#footnote-ref-2)
2. Queensland’s juvenile detainee cost weight is based on the difference in the cost of daily detainment for juvenile detainees compared with adult prisoners (derived from *Report on Government Services* data). Queensland has calculated this cost weight to be 12. The full cost weight is applied to the 0–14 years assessed detainee group. A second cost weight is calculated for the 15–‍24 years group. This is based on the percentage of juvenile detainees in the 15–24 years group of assessed prisoners. For example, if the 15–24-year age group contains 12 per cent youth detainees, it would be *juvenile detainees* (12% x 12) + *adult prisoners* (0.88 x 1) = 2.32. The 2.32 cost weight would be applied to the 15–24 year assessed detainees. [↑](#footnote-ref-3)
3. This refers to the *Report on Government Services 2024* Youth Justice data on ‘Cost per young person subject to detention-based supervision, 2022-23’, table 17A.21. The table notes include the qualifier that data ‘are not comparable across jurisdictions but are comparable (subject to caveats) within jurisdictions over time’. [↑](#footnote-ref-4)
4. To test the materiality of applying a cost weight, prisoner use rate age groups will be changed from 0–14 years and 15–24 years to 0–17 and 18–24 years. This change will mean all juvenile detainees are grouped together in the 0–17 years age group and a cost weight, applicable only to juvenile detainees, will be applied. [↑](#footnote-ref-5)
5. Justice and Community Safety Directorate (JACS), [Raising the Age](https://www.justice.act.gov.au/safer-communities/raising-the-age#:~:text=The%20ACT%20Government%20has%20raised,responsibility%20from%2010%20to%2012.), JACS website, 2023, accessed 29 February 2024. [↑](#footnote-ref-6)
6. Department of Education, Children and Young People (Tas), [Youth Justice Blueprint 2024–2034](https://publicdocumentcentre.education.tas.gov.au/library/Shared%20Documents/Youth-Justice-Blueprint.pdf), Tasmanian Government, 2023, p5. [↑](#footnote-ref-7)
7. The 31:69 split refers to the 2020 Review proportion of cost weighted regional population (69%) versus the proportion of the cost weighted assessed offenders (31%). Both these populations are added together to become the final assessed population for estimating states’ policing expense needs. [↑](#footnote-ref-8)
8. Queensland Treasury, [Assessment consultation papers – Tranche 1 – 2025 Methodology Review: Queensland submission](https://www.cgc.gov.au/sites/default/files/2023-11/Tranche%201%20consultation%20-%20Qld%20submission.pdf), Queensland Government, 2023, p 26. [↑](#footnote-ref-9)
9. In the 2020 Review method, police regional cost weights are applied to regional populations instead of assessed offender numbers which are calculated through a socio-demographic composition assessment. [↑](#footnote-ref-10)
10. Commonwealth Grants Commission (CGC), [Report on GST Revenue Sharing Relativities - 2020 Review](https://www.cgc.gov.au/reports-for-government/2020-review), CGC, Australian Government, 2020, 2:267. [↑](#footnote-ref-11)
11. Accordingly, these proportions are not comparable to the 2015 Review method which split costs between ‘specialised’ and ‘community’ policing. [↑](#footnote-ref-12)
12. Community Crime Prevention, [Crime Prevention Strategy](https://files.crimeprevention.vic.gov.au/2022-09/DJCS_Crime-Prevention-Strategy_A4_2022%20update_V7.pdf), Victorian Government, 2022; Police Media, [More police engagement with Canberra community](https://www.policenews.act.gov.au/news/media-releases/more-police-engagement-canberra-community) [Media Release], ACT Policing, 12 August 2020, accessed 28 November 2023. [↑](#footnote-ref-13)
13. Australian Institute of Criminology (AIC), [National Crime Prevention Framework](https://www.aic.gov.au/publications/special/special), AIC, Australian Government, 2012. [↑](#footnote-ref-14)
14. Queensland Treasury, [Assessment consultation papers – Tranche 1 – 2025 Methodology Review](https://www.cgc.gov.au/sites/default/files/2023-11/Tranche%201%20consultation%20-%20Qld%20submission.pdf), Queensland Treasury, Queensland Government, 2023, pp 25–27; Western Australia Police Force, [Annual Report 2023](https://www.police.wa.gov.au/About-Us/Our-Agency/Annual-report), Western Australian Government, 2023, p 84. [↑](#footnote-ref-15)
15. Examples of these higher policing costs include services such as police force commands for counter-terrorism and special tactics, state intelligence, cybercrime, forensic services, marine and aviation services. [↑](#footnote-ref-16)
16. Victoria said examples of central costs include corporate costs related to human resources, corporate finance, IT and legal services, in addition to state-wide policing activities like counter terrorism, forensic services, or intelligence and covert support. Department of Treasury and Finance (Vic)[, Victorian response to CGC 2025 Review consultation](https://www.cgc.gov.au/sites/default/files/2023-11/Victorian%20response%20to%202025%20Review%20Tranche%201%20papers.pdf), Department of Treasury and Finance (Victoria), Victorian Government, 2023, p 59. [↑](#footnote-ref-17)
17. Department of Treasury and Finance (Vic), [Victorian response to CGC 2025 Review consultation](https://www.cgc.gov.au/sites/default/files/2023-11/Victorian%20response%20to%202025%20Review%20Tranche%201%20papers.pdf), Department of Treasury and Finance (Vic), Victorian Government, 2023, p 57. [↑](#footnote-ref-18)
18. Australian Bureau of Statistics (ABS), [National Offence Index](https://www.abs.gov.au/statistics/classifications/national-offence-index/latest-release), ABS website, 2018, accessed 5 February 2024. [↑](#footnote-ref-19)
19. The Commission will continue to explore whether suitable data can be identified for use in weighting offences for the next review. [↑](#footnote-ref-20)
20. The Commission does not make judgements on what states could or should do. [↑](#footnote-ref-21)
21. The Commission scales state provided data to ABS’ totals to calculate the Commission’s number of assessed offenders. [↑](#footnote-ref-22)
22. Australian Bureau of Statistics (ABS), [Recorded Crime - Offenders methodology, 2022-23](https://www.abs.gov.au/methodologies/recorded-crime-offenders-methodology/2022-23), ABS website, 2024, accessed 24 May 2024. [↑](#footnote-ref-23)
23. Each instance of offending would be counted as a separate proceeding regardless of the number of offences an individual is charged with. [↑](#footnote-ref-24)
24. Australian Bureau of Statistics (ABS), ‘Table 17. Offenders, Age by number of times proceeded against by police, Selected states and territories, 2022–23’ [data set], [Recorded Crime - Offenders](https://www.abs.gov.au/statistics/people/crime-and-justice/recorded-crime-offenders/latest-release), ABS website, 2024, accessed 1 March 2024. [↑](#footnote-ref-25)
25. L Ellis, DP Farrington and AW Hoskins, *Handbook of Crime Correlates*, 2ndedn, Academic Press, London, 2019, pp 92–102. [↑](#footnote-ref-26)
26. Commonwealth Grants Commission (CGC), [Report on GST Revenue Sharing Relativities – 2020 Review](https://www.cgc.gov.au/reports-for-government/2020-review), CGC, Australian Government, 2020, 2:262. [↑](#footnote-ref-27)
27. Australian Law Reform Commission (ALRC), [Pathways to Justice–Inquiry Into The Incarceration Rate Of Aboriginal And Torres Strait Islander Peoples](https://www.alrc.gov.au/publication/pathways-to-justice-inquiry-into-the-incarceration-rate-of-aboriginal-and-torres-strait-islander-peoples-alrc-report-133/2-context/social-determinants-of-incarceration/), ALRC, Australian Government, 2018, accessed 6 February 2024. [↑](#footnote-ref-28)
28. Applying a discount would assume that, in all cases, states currently assessed to have above-average assessed GST needs for police are only in this position because of a method or data issue. Commonwealth Grants Commission (CGC), [Commission’s position on fiscal equalisation, supporting principles and assessment guidelines](https://www.cgc.gov.au/reports-for-government/2025-methodology-review/consultation), CGC, Australian Government, 2023, pp 22–23. [↑](#footnote-ref-29)
29. The Commission uses the ABS’ definition of a finalised defendant in the assessment: ‘A person or organisation for whom, all charges relating to the one case have been formally completed (within the reference period) so that they cease to be an item of work to be dealt with by the court’. Australian Bureau of Statistics (ABS), [Criminal Courts, Australia methodology, 2022-23](https://www.abs.gov.au/methodologies/criminal-courts-australia-methodology/2022-23#glossary), ABS website, 2024, accessed 24 May 2024. [↑](#footnote-ref-30)
30. J Payne, ‘Criminal trial delays in Australia: trial listing outcomes’, *Research and Public Policy Series 74*, Australian Institute of Criminology, Australian Government, 2007, p 72. [↑](#footnote-ref-31)
31. In the 2020 Review, magistrates criminal courts costs were on average 51% of all criminal court costs. The magistrate criminal court regional cost weight applied to finalised defendants from remote and very remote regions in the 2020 Review was 20.6%. [↑](#footnote-ref-32)
32. In relation to criminal court costs, the current assessment recognises magistrate court regional cost differences, but does not apply any other assessment of cost - such as cost per finalisation. [↑](#footnote-ref-33)
33. Productivity Commission (PC), [7 Courts](https://www.pc.gov.au/ongoing/report-on-government-services/2023/justice/courts), PC website, 2023, accessed 30 November 2023. [↑](#footnote-ref-34)
34. Lodgements are matters initiated in the court system and provide the basis for court workload as well as reflecting community demand for court services. Finalisations represent the completion of matters in the court system so that they cease to be an item of work for the court. Each lodgement can be finalised only once. Matters may be finalised by adjudication, transfer, or another non‑adjudicated method (such as withdrawal of a matter by the prosecution or settlement by the parties involved). The pattern of finalisations across states is similar to that of lodgements, but lodgements will not equal finalisations in any given year because not all matters lodged in one year will be finalised in the same year. Steering Committee for the Review of Government Service Provision, [Part C Justice - Report on Government Services 2023](https://www.pc.gov.au/ongoing/report-on-government-services/2023/justice/rogs-2023-partc-overview-and-sections.pdf), PC, Australian Government, 2023, accessed 13 February 2024. [↑](#footnote-ref-35)
35. This exclusion is consistent with ABS’ practice of counting defendants. [↑](#footnote-ref-36)
36. Defendants who are transferred to a specialist court are finalised by transfer. Australian Bureau of Statistics (ABS), [Criminal Courts, Australia methodology](https://www.abs.gov.au/methodologies/criminal-courts-australia-methodology/2021-22#data-collection), ABS website, 2024, accessed 24 January 2024. Defendants who have successfully completed diversion programs may be finalised by being acquitted or having their cases withdrawn, for example, Magistrates’ Court of Victoria (MCV), [Diversion](https://www.mcv.vic.gov.au/find-support/diversion), MCV website, 2020, accessed 24 May 2024; Legal Aid Queensland (LAQ), [Court Diversion for a minor drug offence](https://www.legalaid.qld.gov.au/Find-legal-information/Criminal-justice/Diversion-and-referral-options/Court-diversion-for-a-minor-drugs-offence), LAQ website, 2023, accessed 24 May 2024; Legal Services Commission South Australia (LSC), [Magistrates Court Diversion Program](https://lsc.sa.gov.au/dsh/ch04s10.php), LSC website, 2019, accessed 24 May 2024. [↑](#footnote-ref-37)
37. In some cases, individuals may be returned to the court that transferred them for an additional finalisation. Although this individual would be counted as 2 defendants, the Commission considers the ABS’ approach to counting defendants minimises the effect of double counting. [↑](#footnote-ref-38)
38. Western Australia said it made the reasonable assumption that the composition of offenders has not changed structurally from 2016–17 to 2022–23 for traffic offences. [↑](#footnote-ref-39)
39. CGC, 2020 Review, 2:278. [↑](#footnote-ref-40)
40. Service delivery scale measures the additional costs of providing a service because the population served is small and isolated from other points of service delivery. CGC, 2020 Review, 2:507. [↑](#footnote-ref-41)
41. The R-squared value is the proportion of the variance in the [response (or outcomes) variable](https://www.statology.org/explanatory-response-variables/) that can be explained by the predictor variables in the model. The value for R-squared can range from 0 to 1 where a value of 0 indicates that the response variable cannot be explained by the predictor variables at all. A value of 1 indicates that the response variable can be perfectly explained by the predictor variables. Z Bobbitt, [How to Interpret Adjusted R-Squared (With Examples)](https://www.statology.org/adjusted-r-squared-interpretation/), Statology website, 2024, accessed 24 May 2024. [↑](#footnote-ref-42)
42. This reflected the difference between the number of assessed prisoners in remote areas and the number of actual prisoners in remote prisons. [↑](#footnote-ref-43)
43. Australian Bureau of Statistics (ABS), ‘Table 34. Prison location by sex’ [data set], [Prisoners in Australia](https://www.abs.gov.au/statistics/people/crime-and-justice/prisoners-australia/latest-release#data-downloads), 2023, accessed 23 February 2024. Queensland also has prison work camps in its remote or very remote regions, however, these were not included in the ABS data. Queensland Government, [Prison work program](https://www.qld.gov.au/law/sentencing-prisons-and-probation/prisons-and-detention-centres/prison-work-program), Queensland Government website, 2018, accessed 27 February 2024. [↑](#footnote-ref-44)
44. Corrective Services, [Roebourne Regional Prison](https://www.wa.gov.au/organisation/department-of-justice/corrective-services/roebourne-regional-prison), Western Australian Government website, 2024, accessed 5 March 2024. [↑](#footnote-ref-45)
45. The regional cost weight of remote prisoners is reduced by 60%. This reflects the difference between the assessed number of remote offenders and the actual number of remote prisoners. [↑](#footnote-ref-46)
46. Corrective Services New South Wales (NSW), [Classification and Placement of Inmates](https://www.correctiveservices.dcj.nsw.gov.au/documents/csnsw-fact-sheets/classification-and-placement.pdf), Department of Communities and Justice (NSW), 2019, accessed 5 November 2023; Corrections Victoria, [Prisoner placement](https://www.corrections.vic.gov.au/prisons/going-to-prison/prisoner-placement), Corrections Victoria website, 2022, accessed 5 November 2023; Department of Correctional Services (SA), [After sentencing](https://www.corrections.sa.gov.au/prison/going-to-prison/after-you-have-been-sentenced), Corrections South Australia (SA) website, accessed 5 November 2023; Tasmania Prison Services, [Director’s Standing Order: Classification and Placement](https://www.justice.tas.gov.au/__data/assets/pdf_file/0010/447328/2.04-Classification-and-Placement-DSO_VER-5.0-For-Internet.pdf), Department of Justice, Tasmanian Government, 2017, accessed 5 November 2023; Northern Territory Government, [Going to prison](https://nt.gov.au/law/prisons/going-to-prison), nt.gov.au, accessed 5 November 2023; Queensland Corrective Services, [Prisoner placement information sheet](https://www.publications.qld.gov.au/dataset/parole-board-secretariat-and-victims-register/resource/94da86b9-8626-4c1c-92fa-5a806e2b764b), Queensland Government website, 2019, accessed 1 March 2024; Queensland Government, [Prisoner's rights](https://www.qld.gov.au/law/sentencing-prisons-and-probation/prisons-and-detention-centres/prisoners-rights#:~:text=You%20have%20the%20right%20to%20request%20a%20transfer,being%20moved%20to%20a%20jail%20nearer%20your%20family), Queensland Government website, 2018, accessed 1 March 2024; Department of Justice Western Australia (WA), [Work camps](https://www.wa.gov.au/organisation/department-of-justice/corrective-services/work-camps), WA Government website, 2023, accessed 1 March 2024. [↑](#footnote-ref-47)
47. Department of Treasury and Finance (Vic), [Victorian response to CGC 2025 Review consultation](https://www.cgc.gov.au/reports-for-government/2025-methodology-review/consultation), Department of Treasury and Finance (Victoria), Victorian Government, 2023, p 69. The Commission notes that data in Victoria’s Tranche 1 submission use a different remoteness structure to the ABS. Nevertheless, these data can still be used to show that the relationship between usual residence and prison placement increases with remoteness, even though it defines remoteness areas using different criteria. [↑](#footnote-ref-48)
48. Additionally, the prisons regression only found a 2-tiered regional cost gradient (remote and non-remote) to be significant once regional differences in maximum security prisoner numbers had been accounted for. [↑](#footnote-ref-49)
49. The Commission has grouped states’ prisons into 5 size groups: Very large prisons (500 and over inmates), Large (250–499), Medium (100–249), Small (25–99) and Very small (24 or less). [↑](#footnote-ref-50)
50. Community correction orders include restricted movement, parole, bail, fines, community service, sentenced probation and post-sentence supervision. Australian Bureau of Statistics (ABS), [Corrective Services, Australia methodology, December Quarter 2023](https://www.abs.gov.au/methodologies/corrective-services-australia-methodology/dec-quarter-2023), ABS website, 2024, accessed 24 May 2024. [↑](#footnote-ref-51)
51. The ABS Government Finance Statistics expenses for prisons (COFOG 0341) includes costs related to community-based correction activities where the offender or alleged offender is at large in the community but is required to adhere to certain rehabilitation sessions such as parole and probation services, community service orders and attendance centres. Australian Bureau of Statistics, [Law courts and associated activities (COFOG-A 033)](https://www.abs.gov.au/statistics/detailed-methodology-information/concepts-sources-methods/australian-system-government-finance-statistics-concepts-sources-and-methods/2015/appendix-1-part-c-classification-functions-government-australia/classification-functions-government-3-2), ABS website, 2015, accessed 28 November 2023. [↑](#footnote-ref-52)
52. The Commission used ABS Community correction order data and the Productivity Commission Report on Government Services data to test materiality instead of ABS non-custodial order data. Australian Bureau of Statistics (ABS), ‘Table 4. Persons in Community-‍based corrections’ [data set], [Corrective Services, Australia, Age Standardised Community-based corrections](https://www.abs.gov.au/statistics/people/crime-and-justice/corrective-services-australia/jun-quarter-2021), ABS website, 2023, accessed 24 November 2023. [↑](#footnote-ref-53)
53. Productivity Commission, ‘8 Corrective Services’ [data set], [Report on Government Services 2023](https://www.pc.gov.au/ongoing/report-on-government-services/2023/justice/corrective-services), Productivity Commission website, 2023, accessed 24 November 2023; Australian Bureau of Statistics (ABS), ‘Table 4. Persons in Community-based corrections’ [data set], [Corrective Services, Australia, Age Standardised Community-based corrections](https://www.abs.gov.au/statistics/people/crime-and-justice/corrective-services-australia/jun-quarter-2021), ABS website, 2023, accessed 24 November 2023. [↑](#footnote-ref-54)
54. The socio-economic status of defendants is also used as a proxy for prisoner socio-economic status in the prisons assessment. Therefore, both prisoners and community corrections orders used the same measure of socio-economic status.
 [↑](#footnote-ref-55)
55. Some police related expenses recorded in ABS’ Government Finance Statistics under Public order and safety not elsewhere classified classification (COFOG 0399), such as community policing and community justice programs, are assessed in the other expenses category. This treatment reflects that they are aimed at the general public and therefore assessed on an equal per capita basis. [↑](#footnote-ref-56)