Justice

- Following state consultation, the Commission decided to postpone the implementation of method changes in the justice assessment until the 2026 Update. The Commission considered that it was not feasible to validate, analyse and consult states on all the 2022–23 and 2023–24 justice data in time for the 2025 Review. Further details on state consultation on this assessment is in the justice chapter of *Review Outcomes.*

- For the recommended GST relativities for 2025–26 as contained in 2025 Review report, the 2020 Review method was applied. The Commission altered the 2020 Review justice method in the 2024 Update by suspending the national capital assessment and retaining the use of ABS 2016 Census' First Nations estimated residential population. This method is described below.

- The Commission will release revised *Commission's Assessment Methodology* and *Review Outcomes* chapters for the justice assessment with the 2026 Update.

Overview

1   The justice assessment covers state and territory (state) recurrent spending on police services, law courts, legal services, prisons and corrective services. It has the following components:

- police

- criminal courts

- other legal services

- prisons.

2   The 2020 Review assessment recognises that justice expense needs are influenced by the following.[1]

- First Nations people — states with a higher proportion of First Nations people have higher spending needs.

- Age — states with a higher proportion of people in the 15–44-year-old age range have higher spending needs.

- Socio-economic status — states with a higher proportion of people from low socio-economic backgrounds have higher spending needs.

- Remoteness — states that provide justice services in more remote locations have higher spending needs.

- Wage costs — states facing greater wage cost pressures have higher spending needs.

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[1] The Commission altered the 2020 Review justice assessment method following state consultation in the 2024 Update. An assessment of additional costs incurred by the ACT due to its reliance on the Australian Federal Police as the provider of its policing services was suspended in the 2024 Update and removed as part of the 2025 Review process (see the national capital chapter of *Review Outcomes*). Additionally, the Commission retained the use of ABS 2016 Census' First Nations estimated residential populations. These changes will continue to be applied in the 2025–26 application year.

Actual state expenses

3   The first step in calculating assessed expenses is identifying actual state expenses.[2] States collectively spent 8.8% of their total recurrent expenses on justice services in 2022–23. Table 1 shows expenses broken down by component and Table 2 outlines actual expenses by state in 2022–23.[3]

Table 1   Justice expenses by component, 2022–23

		2022-23
	$pc	**$m**
Police	527	13,854
Criminal courts	120	3,164
Other legal services	105	2,770
Prisons	284	7,482
Total	**1,037**	**27,270**
Proportion of total expenses (%)		**8.8**

Table 2   Justice expenses by state, 2022–23

	NSW	**Vic**	**Qld**	**WA**	**SA**	**Tas**	**ACT**	**NT**	**Total**
Justice ($m)	8,388	6,545	5,358	3,622	1,699	460	416	782	27,270
Justice ($pc)	1,017	974	995	1,278	925	804	902	3,111	1,037
Proportion of total expenses (%)	**8.5**	**8.3**	**9.1**	**10.7**	**9.1**	**6.5**	**6.5**	**12.8**	**8.8**

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[2] Adjusted budget calculations use ABS Government Finance Statistics data to determine actual state expenses, see the adjusted budget chapter of the *Commission's Assessment methodology.*

[3] Tables in this chapter, unless otherwise stated, use 2022–23 data.

Structure of assessment

4   Table 3 outlines the drivers that influence spending needs in each component.

Table 3   Structure of the justice assessment

Component	Driver	Influence measured by driver
Police	Socio-demographic composition	Age, Indigenous status and socio-economic status influence the use and costs of services.
	Regional costs	The cost of providing services increases as the level of remoteness increases.
	Wage costs	Differences in wage costs between states affect costs.
Criminal courts	Socio-demographic composition	Age, Indigenous status, socio-economic status and remoteness influence the use and costs of services.
	Regional costs	The cost of providing services increases as the level of remoteness increases.
	Wage costs	Differences in wage costs between states affect costs.
Other legal services	Non-deliberative equal per capita	These expenses are not differentially assessed.
	Regional costs	The cost of providing services increases as the level of remoteness increases.
	Wage costs	Differences in wage costs between states affect costs.
Prisons	Socio-demographic composition	Age, Indigenous status socio-economic status and remoteness influence the use and costs of services.
	Regional costs	The cost of providing services increases as the level of remoteness increases and the size of prisons decreases.
	Wage costs	Differences in wage costs between states affect costs.

Note: This table outlines the Commission's method for the 2025–26 application year.

Data

5   The data used in the assessment are outlined in Table 4.

Table 4   Data used in the justice assessment

Source	Data	Updated	Component
States	Police and court costs by district	5-yearly during methodology reviews	Police and criminal courts
	Offender and defendant counts by socio-demographic composition		Police and criminal courts
	Prison location, prisoner numbers by security classification and costs		Prisons
ABS	Police proceedings counts	5-yearly during methodology reviews	Police
	Geographical data to map state use and cost data into remoteness areas		Police, criminal courts and prisons
	Defendants finalised		Criminal courts
	Estimated residential population counts by socio-demographic composition (for use rates)		Police and criminal courts
	Estimated residential population counts by socio-demographic composition (for use rates)	Annually	Prisons
	Estimated residential population counts by socio-demographic composition (for assessed expenses)		Police, criminal courts and prisons
	Estimated residential population counts by region		Other legal services
	Prisoner counts by socio-demographic composition		Prisons
Productivity Commission – *Report on Government Services*	Magistrates' court costs and finalisations	5-yearly during methodology reviews	Criminal courts
	Criminal court costs		Criminal courts
	Civil court costs	Annually	Other legal services
Australian Institute of Health and Welfare (AIHW)	Juvenile detainee counts by socio-demographic composition	Annually	Prisons

Note: Data for the wage costs adjustment are also included in this assessment.
    The adjusted budget data sources are outlined in the adjusted budget chapter of the *Commission's Assessment Methodology.*

Assessment method

6   The following section outlines the method for assessing state spending for police, criminal courts, other legal services and prisons. The assessment methods are informed by observed relationships in data provided by the states in the 2020 Review.

7   The Commission will release a revised description of the justice assessment, with relevant method changes with the 2026 Update.

Police component

8   Expenses for this component include:

- police services
- research and development — public order and safety.

9   The police assessment is based on the geographic distribution of state populations and the number of assessed offenders in a jurisdiction, with an adjustment for wage costs.

10   The 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 remoteness area that is not dependent on offender numbers (it includes all costs not already captured in the national offender cost weight described above).[4]

11   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 (see Figure 1).

Figure 1   Overview of the method for estimating police costs in the police regression
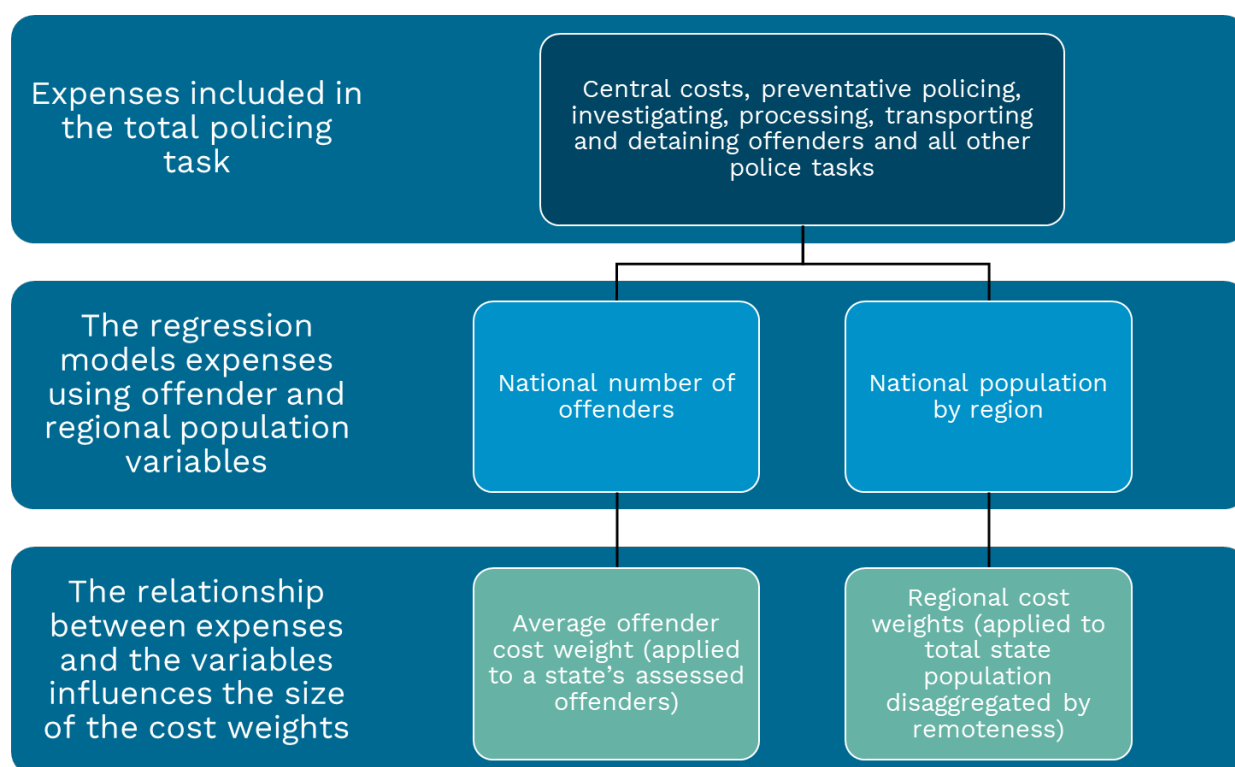
Note: Expenses and offender numbers come from state-provided data. Population comes from ABS data. State-provided offenders are scaled to total proceedings estimated using ABS data. Expenses are also scaled to state totals in ABS' Government Finance Statistics.

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[4] Costs associated with higher cost offenders (those who cost more than the national offender cost weight) are also reflected in the regional cost weights.

Step 1 – derive offender and regional cost weights

12 To inform the regression, the Commission uses state and ABS data. State data on police district expenditure and offender numbers are mapped to ABS geographical regions and population data to allow for a regional specification. State offender and expenses data are then scaled to ABS total proceedings data to ensure greater comparability and robustness.

13 Table 5 shows the cost weights produced in the 2020 Review.

Table 5 **Police regression cost weights using 2015–16 and 2016–17 data**

Description	Cost weight
Offender cost weight	20.0
Regional cost weights	
People living in major cities	1.0
People living in inner regional areas	1.5
People living in outer regional areas	1.7
People living in remote areas	5.4
People living in very remote areas	6.9

Note: Cost weights presented in this table are rounded to one decimal place. Data from 2015–16 and 2016–17 inform regression cost weights. Cost weights will be held constant until the 2026 Update.

Step 2 – applying cost weights

Offenders

14 To reflect that the number of offenders impacts the cost of the policing task, the offender cost weight is applied to assessed offenders in each state. The number of assessed offenders is derived by applying the national average offender rate for a given socio-demographic sub-population to a state's share of such populations. The socio-demographic composition sub-groups include a cross-classification of Indigenous status, age and socio-economic status. To ensure comparability of data, the police assessment uses an estimated residential population that preserves the Indigenous status proportions reported in the 2016 Census. In total, there are 40 socio-demographic composition sub-groups used in the police assessment. The characteristics of these sub-groups are shown in Table 6.

Table 6   Socio-demographic composition sub-groups for the police assessment
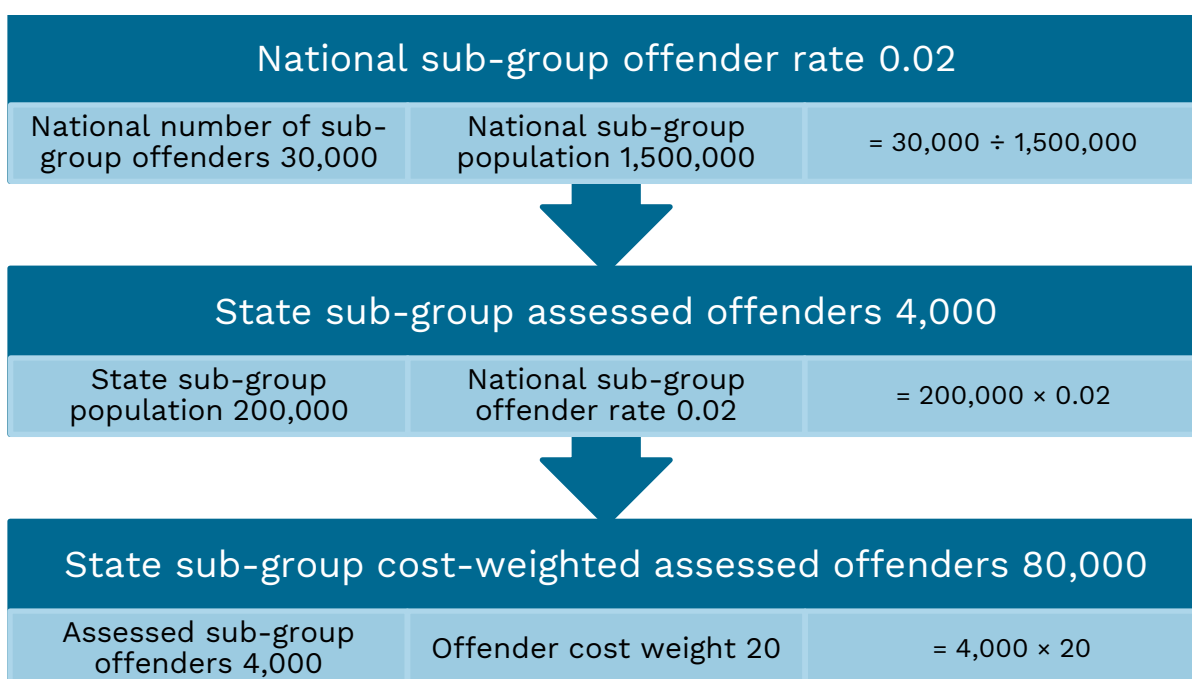
Offenders			
Indigenous status	Age	Socio-economic status [a]	
		First Nations [b]	Non-Indigenous
First Nations	0-14	Most disadvantaged (40%)	Most disadvantaged (20%)
Non-Indigenous	15-24	Middle quintile (20%)	2nd most disadvantaged (20%)
	25-44	Least disadvantaged (40%)	Middle quintile (20%)
	45-64		2nd least disadvantaged (20%)
	65+		Least disadvantaged (20%)

(a) An offender's Indigenous status determines the socio-economic status index the Commission will apply. For First Nations offenders, the Commission uses the Indigenous Relative Socioeconomic Outcomes index. For non-Indigenous offenders, the Commission uses the non-Indigenous Socio-Economic Indexes for Areas index.

(b) In the 2020 Review, the Commission decided that there would be 3 First Nations socio-economic status groups for offenders and 5 socio-economic status groups for defendants and prisoners.

15   Figure 2 outlines the process for calculating assessed offender expenses for a single socio-demographic composition sub-group. This process is repeated for each of the 40 sub-groups described above with the results summed to derive assessed cost-weighted offenders for each state.

Figure 2   Method for calculating a state's assessed cost-weighted offenders for a single socio-demographic composition sub-group

National sub-group offender rate 0.02		
National number of sub-group offenders 30,000	National sub-group population 1,500,000	= 30,000 ÷ 1,500,000

State sub-group assessed offenders 4,000		
State sub-group population 200,000	National sub-group offender rate 0.02	= 200,000 × 0.02

State sub-group cost-weighted assessed offenders 80,000		
Assessed sub-group offenders 4,000	Offender cost weight 20	= 4,000 × 20

Note: Worked example based on hypothetical data.

Regional populations

16   To reflect that spending on the policing task increases as a state's population becomes more remote, regional cost weights are applied directly to state populations in each remoteness area.

17   Table 7 illustrates how a state's assessed regional population is calculated.

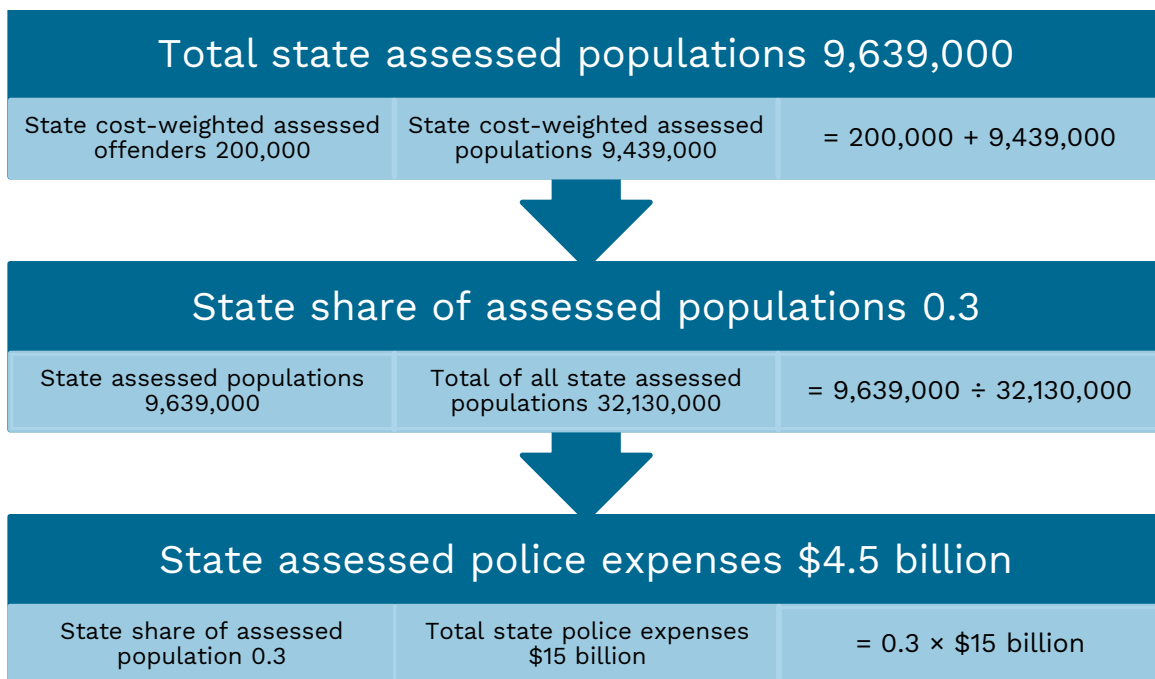**Table 7   Calculating assessed regional populations**

Remoteness	Population	Cost weight	Assessed population
	No.		No.
Major cities	6,003,080	1.0	6,003,080
Inner regional	1,700,000	1.5	2,556,034
Outer regional	380,000	1.7	655,223
Remote	30,000	5.4	162,525
Very Remote	9,000	6.9	62,138
Total	**8,122,080**		**9,439,000**

Note: Worked example based on hypothetical data. Cost weights presented in this table are rounded to one decimal place. The calculated assessed population reflects the use of unrounded cost weights.

Step 3 – derive assessed police expenses

18   The cost-weighted assessed offenders and populations are combined. To calculate a state's assessed police expenses, total police expenses are multiplied by the state's share of assessed populations. See Figure 3 for a worked example.

Figure 3   Method for calculating assessed police expenses

Total state assessed populations 9,639,000		
State cost-weighted assessed offenders 200,000	State cost-weighted assessed populations 9,439,000	= 200,000 + 9,439,000

State share of assessed populations 0.3		
State assessed populations 9,639,000	Total of all state assessed populations 32,130,000	= 9,639,000 ÷ 32,130,000

State assessed police expenses $4.5 billion		
State share of assessed population 0.3	Total state police expenses $15 billion	= 0.3 × $15 billion

Note: Worked example based on hypothetical data.

Step 4 – applying wage costs

19   Wage costs are a significant share of the total cost of providing police services. Differences in wage costs between states have a differential effect on the cost of providing police services. The police assessment uses the Commission's general method for measuring the influence of wage costs. Details on how this is calculated are in the wage costs chapter of the *Commission's Assessment Methodology*.

20   As a final step, expenses are rescaled to total police expenses, giving final assessed expenses.

Criminal courts component

21   Expenses for this component include:

- criminal courts
- public prosecution
- legal aid related to defendants in criminal courts
- other legal services associated with criminal courts.

22   The criminal courts assessment is based on a socio-demographic composition assessment of the number of finalised defendants with adjustments for regional costs and wage costs.[5]

Step 1 – calculate criminal court expenses

23   To calculate the total component expenses, the Commission uses the proportion of court expenses that states identify as being criminal court related to split ABS Government Finance Statistics courts data into criminal court and other legal services expenses. This split assigns 51% of total court expenses in Government Finance Statistics to the criminal court component.[6]

Step 2 – derive defendant use rates

24   State data are used to determine the socio-demographic composition profile of defendants.[7] The socio-demographic composition sub-groups include a cross-classification of Indigenous status, age, remoteness and socio-economic status. There are 250 socio-demographic composition sub-groups used in the criminal courts assessment. The characteristics of these sub-groups are shown in Table 8.

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[5] 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'. ABS, Criminal Courts, Australia methodology, 2022-23, ABS website, 2024, accessed 24 May 2024.

[6] The split between criminal courts and other legal services expenditure was calculated using data provided in the 2020 Review. The split was then held constant for the review period. This split will be updated with new state data, provided during the 2025 Review, and applied in the revised justice assessment in the 2026 Update.

[7] Data on the socio-demographic composition profile of defendants include only New South Wales, Queensland, Western Australia, South Australia and the Northern Territory as other states were unable to provide Indigenous status for their defendants.

Table 8   **Socio-demographic composition sub-groups for the criminal courts assessment**

Defendants			
Indigenous status	Age	Remoteness	Socio-economic status
First Nations	0-14	Major cities	Most disadvantaged (20%)
Non-Indigenous	15-24	Inner regional	2nd most disadvantaged (20%)
	25-44	Outer regional	Middle quintile (20%)
	45-64	Remote	2nd least disadvantaged (20%)
	65+	Very remote	Least disadvantaged (20%)

Note: Defendants with an unknown Indigenous status are attributed a status based on the Indigenous status proportions within each of the estimated residential population sub-groups. Defendants with an unknown age socio-economic status or remoteness are not assigned to a sub-group. In effect, this treatment weights these defendants in proportion to the known characteristics of defendants.

25   Once state defendant numbers are assigned to each of the sub-groups, the number of defendants from each state are scaled to ABS defendant numbers to improve comparability of the data. During this process, the proportions of defendants from each of the sub-groups are held constant.

26   The national average defendant rate for each sub-group is then calculated as the proportion of each of the 250 sub-groups who are finalised defendants.

Step 3 – calculate assessed defendants

27   The number of assessed defendants is derived by applying the national average defendant rate for each of the 250 socio-demographic composition sub-groups to that population in each state. Figure 2 provides a worked example of a similar process in the police component.

28   To ensure comparability of data, the courts assessment uses an estimated residential population that preserves the Indigenous status proportions reported in the 2016 Census.

Step 4 – deriving and applying regional cost weights

29   A regional cost gradient is used to apply regional costs in criminal courts.

30   This gradient is calculated by scaling state criminal court expenses and finalisation numbers to data in the Productivity Commission's *Report on Government Services*, giving a magistrates' court spend per finalisation.[8] The relative spend per finalisation is then calculated for non-remote and remote areas.

31   To ensure the gradient is only applied to the magistrates' courts' share of expenses, the relative spend per finalisation is multiplied by the magistrates' court share of expenses in the *Report on Government Services* data. Table 9 shows the criminal courts cost weights produced in the 2020 Review.

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[8] State-provided data from New South Wales, Queensland, Western Australia and the Northern Territory were used to derive the regional cost gradient. Most states were unable to meaningfully attribute costs to different districts. The Commission was restricted to those data that both contained remote areas and where costs were not proportional to the number of cases.

Table 9   Criminal courts regional cost weights

Remoteness	Cost weights
Major cities	1.000
Inner regional	1.000
Outer regional	1.000
Remote	1.206
Very remote	1.206

Source: Based on state and *Report on Government Services* data from 2015–16 and 2016–17.

32   Regional cost weights are then applied to assessed defendants in each remoteness area to derive cost-weighted assessed defendants.

33   To calculate a state's assessed defendant expenses, total criminal courts expenses are multiplied by the state's share of weighted assessed defendants, see Figure 3 for a worked example of a similar process in the police component.[9]

Step 5 – applying wage cost factor

34   Wage costs are a significant share of the total cost of providing criminal court services. Differences in wage costs between states have a differential effect on the cost of providing criminal court services. The criminal courts assessment uses the Commission's general method for measuring the influence of wage costs. Details on how this is calculated are in the wage costs chapter of the *Commission's Assessment Methodology*.

35   As a final step, expenses are rescaled to total criminal courts expenses, giving final assessed expenses.

Other legal services component

36   Other legal services is a non-deliberative equal per capita assessment, with adjustments for regional and wage costs. The other legal services component includes court and legal expenses not captured in the criminal courts component.

37   Expenses for the other legal services component include those legal services not associated with the prosecution or defence of criminal legal cases. This covers a wide range of functions including:

- civil courts
- Attorney-General departments
- crown solicitors
- law reform commissions.

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[9] The criminal courts assessment uses cost-weighted defendants when calculating assessed expenses, it does not use cost-weighted populations.

Step 1 – calculate other legal service expenses

38   The Commission uses ABS Government Finance Statistics data to determine the shares of total state expenses in criminal courts and other legal services. This creates a 51:49 split between criminal courts and other legal service expenses respectively.

39   Other legal services expenses are then assessed for each state on an equal per capita basis.

Step 2 – applying regional cost factor

40   The regional cost gradient for criminal courts is applied to the civil court part of other legal services.

41   As most other legal services are provided from a centralised location, the regional cost factor only applies to the civil court-related expenses of the other legal services component. These expenses are identified using civil courts expenses reported in the *Report on Government Services*.

42   Expenses are then rescaled to total other legal services expenses.

Step 3 – applying wage cost factor

43   Wage costs are a significant share of the total cost of providing other legal services. Differences in wage costs between states have a differential effect on the cost of providing other legal services. The other legal services assessment uses the Commission's general method for measuring the influence of wage costs. Details on how this is calculated are in the wage costs chapter of the *Commission's Assessment Methodology*.

44   As a final step, expenses are rescaled to total other legal services expenses, giving final assessed expenses.

Prisons component

45   The prisons assessment is based on the number of assessed prisoners in a jurisdiction, with adjustments for regional and wage costs.

46   Expenses within the prisons component include:

- prisons
- juvenile detention
- community corrections expenses such as supervision of bail, parole or home detention, program participation and community work orders.

Step 1 – derive prisoner use rates

47   The Commission uses ABS data on prisoners and Australian Institute of Health and Welfare data on juvenile detainees to determine the socio-demographic composition of prisoners. The socio-demographic groups used in the prisons component are the same as in the criminal courts component and are outlined in Table 8.

48   The Commission imputes socio-economic status from defendants to prisoners. This is because it is not possible to directly measure socio-economic status for prisoners as data are not available.

49   The national average prisoner rate for each population sub-group is then calculated as the proportion of each of the 250 socio-demographic composition sub-groups who are prisoners.

Step 2 – calculate assessed prisoners

50   The number of assessed prisoners is derived by applying the national average prisoner rate for each of the 250 socio-demographic composition sub-groups to that sub-groups' population in each state. Figure 2 provides a worked example of a similar process in the police component.

51   To ensure comparability of data, the prisoner assessment uses an estimated residential population that preserves the Indigenous status proportions reported in the 2016 Census.

Step 3 – deriving and applying regional weights

52   A regional adjustment is applied to recognise the additional cost of service delivery in remote areas. The Commission uses a regression, which uses state data on remoteness and prisoner counts by security classification, to predict expenses in each corrective centre.

53   The prisons regression outputs inform the calculation of a regional cost gradient, which captures the costs associated with remoteness and prison size. Table 10 shows the prisons regional cost weights produced in the 2020 Review.

Table 10   Prisons regional cost weights

Remoteness	Cost weights
Major cities	1.00
Inner regional	1.00
Outer regional	1.00
Remote	1.17
Very remote	1.17

Source: Based on state data from 2015–16 and 2016–17.

54   Regional costs are applied to assessed prisoners in each remoteness area to derive cost weighted assessed prisoners.

55   To calculate a state's assessed prisoner expenses, total prisons expenses are multiplied by the state's share of weighted assessed prisoners, see Figure 3 for a worked example of a similar process in the police component.[10]

Step 4 – applying wage costs

56   Wage costs are a significant share of the total cost of providing prison services. Differences in wage costs between states have a differential effect on the cost of providing prison services. The prisons assessment uses the Commission's general method for measuring the influence of wage costs. Details on how this is calculated are in the wage costs chapter of the *Commission's Assessment Methodology*.

57   Expenses are then rescaled to total prisons expenses, giving final assessed expenses.

GST distribution in the 2025 Review

58   Table 11 shows the GST impact of the assessment in the 2025 Review.

Table 11   GST impact of the justice assessment, 2025–26

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total effect
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Police	-218	-476	198	158	19	87	-60	292	754
Criminal courts	-10	-100	33	14	6	6	-17	67	127
Other legal services	6	1	-7	5	-5	-2	2	1	15
Prisons	-76	-581	192	137	-21	16	-52	384	729
Total ($m)	-298	-1,155	416	314	-2	108	-127	744	1,582
Total ($pc)	-34	-161	73	103	-1	186	-262	2,894	57

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[10] The prisons assessment uses cost-weighted prisoners when calculating assessed expenses, it does not use cost-weighted populations.