# 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

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.

The 2020 Review assessment recognises that justice expense needs are influenced by the following.[[1]](#footnote-2)

* 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.

## Actual state expenses

The first step in calculating assessed expenses is identifying actual state expenses.[[2]](#footnote-3) 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]](#footnote-4)

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 |

## Structure of assessment

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

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

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.

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

### Police component

Expenses for this component include:

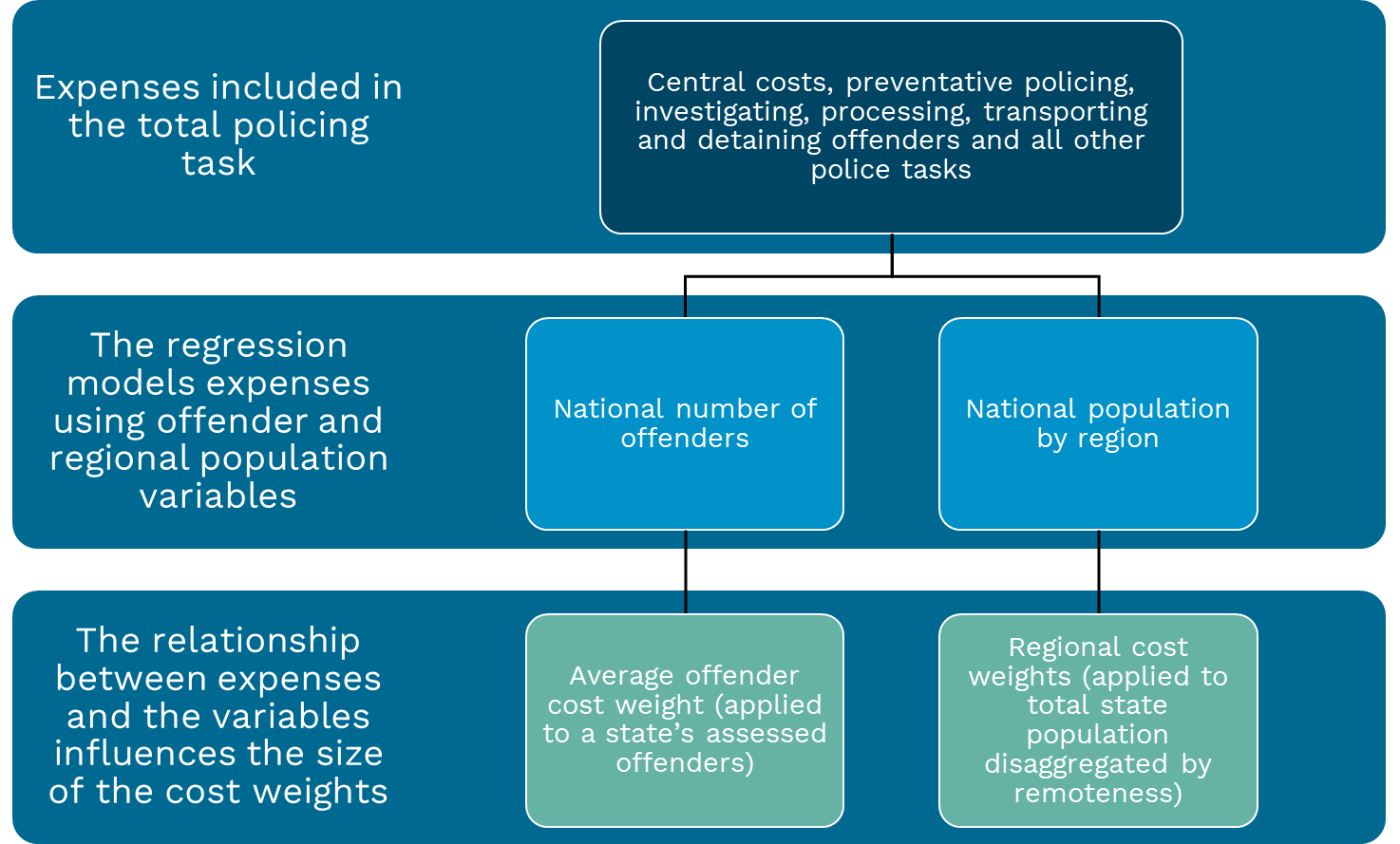
* police services
* research and development — public order and safety.

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.

* 1. 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]](#footnote-5)

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.

#### Step 1 – derive offender and regional cost weights

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.

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

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.

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

Note: Worked example based on hypothetical data.

##### Regional populations

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.

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

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

Note: Worked example based on hypothetical data.

#### Step 4 – applying wage costs

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*.

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

### Criminal courts component

Expenses for this component include:

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

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]](#footnote-6)

#### Step 1 – calculate criminal court expenses

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]](#footnote-7)

#### Step 2 – derive defendant use rates

State data are used to determine the socio-demographic composition profile of defendants.[[7]](#footnote-8) 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.

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.

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.

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

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.

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

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

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]](#footnote-9) The relative spend per finalisation is then calculated for non-remote and remote areas.

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.

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.

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

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]](#footnote-10)

#### Step 5 – applying wage cost factor

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*.

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

### Other legal services component

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.

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.

#### Step 1 – calculate other legal service expenses

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.

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

#### Step 2 – applying regional cost factor

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

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*.

Expenses are then rescaled to total other legal services expenses.

#### Step 3 – applying wage cost factor

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*.

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

### Prisons component

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

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

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.

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.

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

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.

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

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.

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.

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

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]](#footnote-11)

#### Step 4 – applying wage costs

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*.

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

## GST distribution in the 2025 Review

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 |

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. [↑](#footnote-ref-2)
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.*  [↑](#footnote-ref-3)
3. Tables in this chapter, unless otherwise stated, use 2022–23 data. [↑](#footnote-ref-4)
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. [↑](#footnote-ref-5)
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](https://www.abs.gov.au/methodologies/criminal-courts-australia-methodology/2022-23#glossary), ABS website, 2024, accessed 24 May 2024. [↑](#footnote-ref-6)
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. [↑](#footnote-ref-7)
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. [↑](#footnote-ref-8)
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. [↑](#footnote-ref-9)
9. The criminal courts assessment uses cost-weighted defendants when calculating assessed expenses, it does not use cost-weighted populations. [↑](#footnote-ref-10)
10. The prisons assessment uses cost-weighted prisoners when calculating assessed expenses, it does not use cost-weighted populations. [↑](#footnote-ref-11)