THE TREASURY
Kaitohutohu Kaupapa Rawa

Treasury Report: Criminal Justice Project

Date:	8 February 2006	**Treasury Priority:**	Medium
Security Level:	IN-CONFIDENCE	**Report No:**	T2006/134

Action Sought

	Action Sought	Deadline
Minister of Finance	For background reading Refer copies to justice sector Ministers	Nil
Associate Minister of Finance (Hon Phil Goff)	Note the contents	Nil
Associate Minister of Finance (Hon Trevor Mallard)	Note the contents	Nil
Associate Minister of Finance (Hon Clayton Cosgrove)	Note the contents	Nil

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Andrew Thompson	Principal Advisor, Justice & Welfare	[withheld under s.9(2)(a)]	[withheld under s.9(2)(a)]	✓
Hauraki Greenland	Principal Advisor, Justice & Welfare	[withheld under s.9(2)(a)]	[withheld under s.9(2)(a)]	

Enclosure: No

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8 February 2006 SH-7-1-1-0-1

Treasury Report: In-Depth Review of the Criminal Justice Sector

Treasury has now completed the in-depth review of the criminal justice sector, which was signalled in our previous report T2005/1508 of 27 July 2005. The objectives of the project were to:

- Improve our knowledge of the criminal justice sector, particularly linkages between agencies.
- Develop a stronger empirical basis for our future advice on criminal justice issues.
- Assist the sector to manage emerging pressures, particularly the increasing prison muster.

The project has analysed crime in New Zealand, the criminal justice system, characteristics of the inmate population and the fiscal consequences of recent and longer term trends.

This has led to an identification of what we see as the immediate and more deep-seated issues in the sector, and our views on approaches to address these. The purpose of this work is not to develop specific policy initiatives and so there are no decisions sought from Ministers. Rather, the work seeks to identify the most prospective approaches to the identified issues. We attach the preamble and summary of our paper, for background reading. We have supplied a copy of our full paper to your office. We would be pleased to supply additional copies as required.

Some of the more detailed background papers that underpin our analysis may subsequently be considered for public release as Treasury Working Papers or Policy Perspectives papers, as appropriate. We will report separately if this proceeds.

The results of the project's analysis are already being used in our engagements with the justice sector agencies and in our advice on options to deal with the prison muster and the phasing and deployment of the additional police.

The project has made extensive use of data and reports from justice sector agencies. We have shared drafts of our written analysis and modelling with the major sector agencies. However, the conclusions reflect only Treasury's views.

Our work will be fully available to the Effective Interventions project which is now commencing, led by the Ministry of Justice. The Effective Interventions project will analyse the criminal justice system to identify alternative measures for addressing the increasing prison population and reducing criminal offending. As well as contributing our analysis from the In-Depth Review, Treasury is supporting the Effective Interventions project through seconding a senior staff member.

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Recommended Action

We recommend that you:

a **note** Treasury has completed its in-depth review of the criminal justice sector;

b **note** the attached preamble and summary sections from the review's write-up;

c **note** copies of the full write-up are available from Treasury as required;

d **refer** copies of this report to the Justice sector Ministers.

Minister of Justice
Minister of Police
Minister of Corrections
Minister of Child, Youth & Family
Attorney-General

Referred Yes / No

Hauraki Greenland
Principal Advisor, Justice & Welfare
for Secretary to the Treasury

Hon Dr Michael Cullen
Minister of Finance

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- The sector's objectives of community safety, fairness and fiscal restraint are potentially conflicting difficult to measure and provide an uncertain basis for prioritising effort.
- Shared accountability arrangements. In particular, many agencies contribute to reducing crime and share the accountability for managing sector-wide costs.
- The prevalence of monopolies with the associated risks applicable to any monopoly, such as inefficient investment and under-delivery of services.

These are difficult issues to overcome, once we acknowledge factors such as:

- The constitutional independence of Police and the judiciary.
- Public support for state ownership and state supply of criminal justice outputs.
- Community views about the sentencing regime having a punitive element.

The following sections set out our view on the best approaches to the presenting issues in the short and medium term, and some approaches to addressing the underlying issues outlined above.

Approaches for the short-term

[withheld under s9(2)(f)(iv)]

Approaches for the medium-term

[withheld under s9(2)(f)(iv)]

Approaches to address the underlying issues

We consider the approaches outlined above would be sufficient to reduce the prison muster to a manageable level and that future growth would be closer to the rate of population growth.

However, the approaches would not directly address the underlying issues in the sector listed above (conflicting objectives; shared accountabilities; and monopolies in service delivery). It is quite possible that these underlying issues are unavoidable. Nevertheless, there is some scope to minimise their effect, through mechanisms such as:

- Revising the objectives for the criminal justice sector. A re-specified objective, such as minimising the cost of crime to society, could offer improved measurability and facilitate a cost and benefit approach that is not explicit within the current objective of improving community safety.
- Promoting sector leadership and coordination: Improved information flows within and between agencies would help to align agency priorities and operational choices.
- Promoting a strategic approach to crime reduction: this involves using a more empirical approach to actively manage the sector's portfolio of interventions. Components of such a strategic approach include increasing transparency, innovation and the flexibility for agencies to deal appropriately with individual circumstances.
- Looking for opportunities to improve contestability: Some areas of the sector involve important powers of the State which cannot easily be made contestable. Nevertheless, there could be some gains from introducing contestability into the supply of correctional services through strategies such as internal benchmarking and contracting out some

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services. The gains would be from contestability in building and operating facilities and through encouraging innovation in reducing recidivism.

- Greater involvement of other sector agencies: Agencies such as Health, Education, Social Development and Labour make important contributions to crime reduction. Achieving greater involvement of those agencies may require senior Ministerial involvement, because those agencies face their own prioritisation issues.
- Seeking to inform public opinion: there is considerable support for tough approaches to criminal justice even though this may increase the social cost of crime in the medium term. There is an opportunity to promote a better informed debate on issues such as the social costs of crime, the costs to society of various sanctions, and the relative effectiveness of those sanctions.

Approaches we have not pursued

- Cost reduction: we consider that the sector cannot manage further increases in the muster from within existing baselines unless it reduces services. Options such as extended double-bunking and using temporary accommodation are viable but involve accepting heightened safety and recidivism risks and involve significant implementation risks. As such, we consider any cost reductions are likely to be modest and short-lived.
- Improve services to victims: it is likely that tougher sentencing policies are at least in part a response to society's recognition of victims' rights to services and to participate in sector processes. Our study of victims' rights in New Zealand identified that there are no obvious ways to improve policies for victims in a way that would reduce pressure for additional incarceration of offenders. Restorative justice approaches are being trialled and offer a useful avenue for dealing with victims and offenders in a cost-effective manner.

What the project has not covered

This project has been time-bound and resource-constrained, so we have needed to prioritise the work. Areas which we have not covered include:

- Identifying the effectiveness of existing interventions.
- Identifying the most useful specific programmes from other jurisdictions.
- Considering changes to institutional arrangements and structures.
- Considering the contribution of entities outside the criminal justice system to justice sector outcomes.

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