

## Chapter 3

### The economic and social costs of imprisonment

#### Introduction

3.1 This chapter examines the economic and social costs of imprisonment. As prison populations increase, so do infrastructure costs leading to an unsustainable justice system and rising economic costs. Imprisonment also has social costs for individuals, families and communities.

#### Economic costs

##### *Direct costs of imprisonment*

3.2 The Report on Government Services 2013 provides information on the costs of the justice system. For 2011–12, the costs for police services, courts (criminal and civil) and corrective services was \$14.02 billion. This was an increase from \$12.3 billion in 2007–08. The average annual growth rate for total costs was 3.3 per cent over the period 2007–08 to 2011–12 with the growth rate for expenditure increasing for criminal courts by 3.5 per cent and corrective services by 2.9 per cent.<sup>1</sup>

3.3 The economic costs of imprisonment in Australia are substantial. As noted in chapter 2, there are 114 custodial facilities. Reported recurrent expenditure on prisons and periodic detention centres was \$2.4 billion in 2011–12, with an additional \$0.5 billion expenditure on community corrections. Net operating expenditure on corrective services including depreciation was \$3.1 billion in 2011–12; this was an increase of 4.8 per cent over the previous year.<sup>2</sup>

3.4 The Report on Government Services 2013 provided further information on the costs of the justice system:

- cost per prisoner/offender – nationally in 2011–12, the total cost per prisoner per day, comprising net operating expenditure, depreciation, debt servicing fees and user cost of capital, was \$305;
- real net operating expenditure – nationally 2011–12 was \$226, this was a decrease from \$235 in 2007–08;
- offender-to-staff ratio – nationally, on a daily average basis, there were 17 offenders for every one (full-time equivalent) community corrections staff member in 2011–12; and

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1 Steering Committee for the Review of Government Service Provision, *Report on Government Services 2013*, Vol. 1, p. C.9. Expenditure is for real recurrent expenditure in 2011–12 dollars.

2 Steering Committee for the Review of Government Service Provision, *Report on Government Services 2013*, Vol. 1, pp 8.3–8.4.

- prison utilisation – prison utilisation was 94 per cent of prison design capacity, for open prisons 90 per cent and 96 per cent for secure facilities.<sup>3</sup>

3.5 The committee was provided with details of expenditure in various jurisdictions. The Western Australian Department of Corrective Services calculated that the cost per day for juvenile detention was \$624 per person, and for juvenile community custody \$77 per person. The cost of detaining a young person was \$227,760 per annum.<sup>4</sup>

3.6 In South Australia, annual operating expenses for the Department of Correctional Services were \$226.5 million of which 61 per cent were employee expenses. Of the operating expenses, \$156 million was spent on custodial services, \$37 million on rehabilitation and repatriation and \$30 million on community based services. The average annual cost per prisoner is between \$108,999 and \$75,000.<sup>5</sup>

3.7 In New South Wales in 2011–12, approximately \$130.6 million was spent on custodial sentences and \$70.4 million on community based supervision.<sup>6</sup> Recent modelling by the University of NSW found that the whole of life institutional costs of a female Aboriginal offender in NSW with a history of homelessness, drug and alcohol misuse, family violence and mental illness to be in the order of \$1,118,126.<sup>7</sup>

3.8 The cost of detaining a juvenile offender in NSW in 2010–11 was \$652 per day compared to the cost of supervision in the community by Juvenile Justice NSW of \$16.73 per day.<sup>8</sup>

3.9 CAALAS provided information on the costs of imprisonment in the Northern Territory. The average cost per person per day in prison in the Northern Territory is \$243.20. Given the high rates of imprisonment, the cost per day of imprisonment is approximately \$2 per adult Territorian per day (\$733 per year). This compares with the national average daily cost of imprisonment of 52 cents per adult Australian per day (\$193 per year).<sup>9</sup>

3.10 Direct economic costs of imprisonment are expected to grow with a new prison currently in development in Darwin expected to cost approximately \$495 million.<sup>10</sup>

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3 Steering Committee for the Review of Government Service Provision, *Report on Government Services 2013*, Vol. 1, pp 8.24, 8.27, 8.28.

4 Commissioner for Children and Young People, *Submission 23*, p. 4.

5 South Australian Justice Reinvestment Working Group, *Submission 28*, p. 4.

6 Juvenile Justice NSW, *Submission 124*, p. 4.

7 Victorian Equal Opportunity and Human Rights Commission, *Submission 42*, p. 4.

8 Juvenile Justice NSW, *Submission 124*, p. 4.

9 Central Australian Aboriginal Legal Aid Service, *Submission 62*, pp 13–14.

10 Central Australian Aboriginal Legal Aid Service, *Submission 62*, p. 13.

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### ***Indirect economic costs***

3.11 Coupled with the enormous direct economic cost of imprisonment, there are indirect economic costs. These include loss of employment and deterioration of skills. For instance, the imprisonment of juveniles can create a lifecycle of offending that can disrupt schooling and preclude the individual from developing skills. They have little hope of gaining employment.<sup>11</sup>

3.12 Governments also experience indirect costs through increased demand for health and welfare services both for prisoners and their families.

### **Social costs**

3.13 The South Australian Justice Reinvestment Working Group argued that the 'social costs of imprisonment not only to offenders but also to their family and friends becomes almost impossible to calculate'.<sup>12</sup> The social costs of imprisonment include costs to families and children for the loss of a parent and/or breadwinner; loss of employment opportunities; poor health outcomes for prisoners, including a relatively high risk of mortality post-release; and loss of engagement with the community.

3.14 Many submitters pointed to the breakdown of social and family bonds as a result of incarceration. The Victorian Equal Opportunity and Human Rights Commission submitted that:

High rates of imprisonment break down the social and family bonds that guide individuals away from crime, remove adults who would otherwise nurture children, deprive communities of income, reduce future income potential, and engender a deep resentment toward the legal system. As a result, as communities become less capable of managing social order through family or social groups, crime rates go up.<sup>13</sup>

3.15 The situation is exacerbated when the individual incarcerated is the main breadwinner or a parent. The lack of a parent creates difficult circumstances for a child, with a less stable and predictable home life, generating a higher chance of the child offending in the future.<sup>14</sup> A 2010 report indicated that 38,500 children in Australia experienced the incarceration of a parent per year.<sup>15</sup>

3.16 Aboriginal children are particularly at risk of having a parent in prison with the North Australian Aboriginal Family Violence Legal Services noting that 'up to 80% of Aboriginal women in prison are mothers...and an estimated 20.1% of Indigenous children in Australia will be affected by parental incarceration in their lifetime'.<sup>16</sup>

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11 Youth Advocacy Centre, *Submission 90*, pp 5; 9.

12 South Australian Justice Reinvestment Working Group, *Submission 28*, p. 4.

13 Victorian Equal Opportunity and Human Rights Commission, *Submission 42*, p. 6.

14 Community Legal Centres NSW, *Submission 102*, p. 10.

15 National Association of Community Legal Centres, *Submission 103*, p. 8.

16 North Australian Aboriginal Family Violence Legal Service, *Submission 55*, p. 4.

3.17 The 2010 report also found that children with an incarcerated parent commonly experience a similar pattern of traumatic events, often witnessing their parent's crime and arrest, losing a parent, the disruption of their family environment, and the difficulties associated with visiting their parent within the prison system.<sup>17</sup> Children with parents in prison are also more at risk of abusing drugs and alcohol, dropping out of school and exhibiting aggressive and/or antisocial behaviours.

3.18 When a mother is imprisoned, family breakdown is exacerbated particularly as there are a relatively small number of women's prisons and they are typically located in areas inaccessible by public transport.<sup>18</sup> Children may also face an uncertain future when their mothers are imprisoned, and often come to the attention of child welfare agencies. As a consequence, they may be placed in out-of-home care.<sup>19</sup> Ms Tammy Solonec, Director, National Congress of Australia's First Peoples, noted that Indigenous youth are '10 times more likely to be in out-of-home care, currently comprising 31 per cent of all children in care'.<sup>20</sup>

3.19 The Victorian Equal Opportunity and Human Rights Commission noted that the cost of one child in out-of-home care was \$104,443 per annum.<sup>21</sup>

3.20 The committee heard that Indigenous prisoners are affected profoundly with the breakdown of links with family members and communities. Indigenous communities are also affected as every individual has a role to play including financial and social. If an individual or group of individuals is removed, the community is heavily burdened, weakening the community and exacerbating economic distress creating prime conditions for further offending behaviour.<sup>22</sup> Ms Solonec commented:

In regard to the economic and social costs of imprisonment, we would like to note that the social costs of imprisonment on Aboriginal and Torres Strait Islander people is heightened because our identities are often shaped by our connection with our country, our culture and our families.

The Royal Commission into Aboriginal Deaths in Custody and international research have emphasised the devastating impact that a disconnect with country and culture caused by incarceration has on the identity and well-being of Indigenous people. Both conclude that

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17 National Association of Community Legal Centres, *Submission 103*, p. 8.

18 Sisters Inside, *Submission 69*, p. 15.

19 National Family Violence Prevention Legal Services Forum, *Submission 39*, p. 4.

20 Ms Tammy Solonec, Director, National Congress of Australia's First Peoples, *Committee Hansard*, 17 April 2013, p. 18.

21 Victorian Equal Opportunity and Human Rights Commission, *Submission 42*, p. 4.

22 North Australian Aboriginal Family Violence Legal Service, *Submission 55*, pp 3–4; see also Law Council of Australia, *Submission 97*, p. 12; Australians for Native Title and Reconciliation, *Submission 63*, p. 11.

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connection to culture can serve as a preventive measure against risk-taking behaviours.<sup>23</sup>

3.21 The NSW Reconciliation Council noted that while the removal of a small number of serious offenders to prison may act as a deterrent and make communities safer, in Indigenous communities, the impact is significant:

...the frequent incarceration of Aboriginal people from communities ruptures social structures and affects Aboriginal peoples' capacity to fully participate in life in both their community and the broader Australian community. We cannot continue to lock up our most disadvantaged minority in this way.<sup>24</sup>

3.22 The impact of imprisonment on young people was described by the Australian Youth Affairs Coalition (AYAC). AYAC stated that incarceration of young people can have negative impacts resulting in a decrease in wellbeing, disengage the person from education and involvement with the labour force, disrupt positive relationships and socially exclude the person, and an increase in offending or recidivism.<sup>25</sup>

3.23 A further impact on imprisonment occurs when the person leaves the corrections system. The Law Council of Australia explained:

For some individuals, imprisonment can have a detrimental impact on their ability to turn their life around once they are released. Indeed, one of the significant difficulties encountered by individuals after they have been released from prison is re-integrating into society. Many people experience difficulties in overcoming the stigma associated with being imprisoned once they are released. This is particularly the case when it comes to finding employment. Indeed, as noted by the LSWA, difficulties in obtaining legitimate employment can increase the pressure on former offenders to earn income through illegitimate means which can then lead to re-offending.

Other individuals may suffer from serious psychological and physical health conditions post release which may also negatively impact their ability to effectively function and re-integrate into society.<sup>26</sup>

### ***Prisoner health***

3.24 Submitters commented on the health impacts of imprisonment. The increase in prison populations has caused overcrowding in prisons, which impacts on prisoner health. Drug use and related health issues are a concern with a higher rate of hepatitis C and HIV manifesting in prison populations due to needle sharing. The overall prevalence of hepatitis is estimated to be between 23 and 47 per cent for male prisoners and between 50 and 70 per cent for female prisoners. As many prisoners

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23 Ms Tammy Solonec, Director, National Congress of Australia's First Peoples, *Committee Hansard*, 17 April 2013, p. 18.

24 NSW Reconciliation Council, *Submission 31*, p. 4.

25 Australian Youth Affairs Coalition, *Submission 105*, p. 16.

26 Law Council of Australia, *Submission 97*, p. 12.

move in and out of the corrections system quickly, these infections pose a risk to both the inmate and public health. Prisoners with histories of substance abuse are also at a higher risk of death once released, particularly death from drug overdose.<sup>27</sup>

3.25 The prison population is also at risk in relation to mental health. There is a high rate of mental health illness in the justice system with 31 per cent of imprisoned individuals reporting they had been told by a health care professional that they had had a mental health disorder in their lifetime, 'a rate 2.5 times higher than the general population'.<sup>28</sup>

3.26 It was also submitted that prisoners with mental ill-health do not have access to effective treatment programs, and often wait long periods of time before receiving support. Without adequate care, individuals suffering from mental ill-health are released back into the community without proper rehabilitation, with the possibility that their condition has worsened during their term of imprisonment. Western Australian Council of Social Service (WACOSS), Western Australian Association for Mental Health (WAAMH), Western Australia Network of Alcohol and Drug Agencies (WANADA) noted a 2011 report on Western Australian prisons which stated that 'with problematic prison overcrowding, the mental wellbeing of prisoners will only worsen as living conditions become more cramped...and interpersonal difficulties inevitably occur'.<sup>29</sup>

3.27 The Victorian Aboriginal Community Controlled Health Organisation (VACCHO) submitted that prisoners are more likely to die or be hospitalised, especially Aboriginal prisoners. Hospitalisation costs (based on bed days) of Aboriginal prisoners in the first year of release has been costed at \$5.4 million in Western Australia alone, driven predominantly by mental and behavioural disorders and injuries. More than a third of Aboriginal women released from prison were hospitalised.<sup>30</sup>

3.28 VACCHO went on to comment that Aboriginal people are also much more likely to die after they are released from prison, most commonly through suicide, motor vehicle accidents, circulatory system diseases and drug-related deaths. Aboriginal prisoners also experience poorer health, with much higher rates of sexually transmitted infections, blood borne viruses, high blood sugar and diabetes, liver-disease markers, asthma and more. These health problems lead to poor quality of life and premature death and results in grief, loss, and trauma among family, friends, and

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27 National Drug and Alcohol Research Centre, *Submission 40*, p. 4.

28 Western Australian Council of Social Service, Western Australian Association for Mental Health, Western Australia Network of Alcohol and Drug Agencies, *Submission 64*, p. 22; see also, Just Reinvest NSW, *Submission 44*, pp 14, 23–24.

29 Western Australian Council of Social Service, Western Australian Association for Mental Health, Western Australia Network of Alcohol and Drug Agencies, *Submission 64*, p. 14.

30 Victorian Aboriginal Community Controlled Health Organisation, *Submission 112*, p. 6.

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communities. VACCHO concluded that these imprisonment costs are a significant economic burden and an unquantifiable social cost.<sup>31</sup>

3.29 Ultimately, the social factors created by imprisonment reinforce recidivism increasing the economic cost on the state. Sisters Inside explained that:

The social costs of imprisonment are self-evident. With every new generation of criminalised women and children the net widens. Increasing numbers of individuals and families are being drawn into the cycle of criminalisation, child protection, poverty and despair – at great cost to the state. At the same time, they are being drawn away from social and economic productivity and contribution.<sup>32</sup>

3.30 The over-representation of disadvantaged groups within prisons, including Aboriginal and Torres Strait Islander peoples and people experiencing mental ill-health, cognitive disability and hearing loss will be examined in Chapter 4.

## **Conclusion**

3.31 The increase in prisoner numbers is putting financial strain on the Australian justice system, which is quickly becoming unsustainable. Released prisoners are finding it difficult to find work and are facing multiple barriers to reintegrating with society. In addition, the removal of an individual from a community or family can have long lasting effects, as well as increasing financial burden. Due to the overcrowding of prisons, prisoner health is deteriorating and those health issues are being transferred to society with the release of prisoners. Governments need to address the long term economic and social costs of imprisonment to prevent further development of intergenerational offending, and occurrences of recidivism.

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31 Victorian Aboriginal Community Controlled Health Organisation, *Submission 112*, pp 6–7.

32 Sisters Inside, *Submission 69*, p. 15.

