



Magistrates Court Victoria

Addendum to Evaluation of Drug Court Victoria

October 2016

This report contains 9 pages

26735865_1

Contents

1	Background	1
1.1	Scope	1
2	Methodology	2
3	Results	4
3.1	Findings	4

1 Background

In 2014, KPMG undertook an evaluation of the Drug Court Victoria (DCV) at Dandenong. This addendum should only be read in conjunction with the final report issued as part of that evaluation.¹

A major component of the evaluation was a cost benefit analysis, which showed significant cost savings in terms of prison days saved through the reduction in recidivism by DCV participants. This cost saving (which represents one of the benefits of the program over a sentence of imprisonment) was calculated as \$1.2 million² over a two year period following completion of DTOs in prison days alone. This compared to the financial cost of the program of approximately \$1.4 million per annum. The evaluation did not attempt to quantify the additional community benefits of this reduction in offending, which are anticipated to be substantial.

The evaluation also identified that in addition to savings from recidivism there was also a potential saving from the use of a community order as a sentencing option, in this case the Drug Treatment Order (DTO), in place of the original custodial sentence. However, during the timeframe of the evaluation, and given the difficulty in extracting the information required from the court records to calculate the actual saving achieved, a high-level comparison of the cost of a DTO against a two year period of incarceration was included in the report.³

After the evaluation had been completed the DCV decided to research the potential savings available further, and extracted the court records for the 130 participants who had formed the basis of the evaluation (two of whom absconded, leaving 128). This addendum examines the magnitude of these potential additional savings.

1.1 Scope

KPMG has been engaged to review the calculations undertaken by the DCV, and comment of whether they are a robust basis for estimating the cost savings generated by the DCV over time.

¹ Evaluation of the Drug Court of Victoria Final report KPMG 18 December 2014

² Ibid p 93

³ Ibid p 6

2 Methodology

As noted above, after the original evaluation had been completed the DCV decided to research the potential savings available further, and extracted the court records for the 130 participants who had formed the basis of the evaluation (two of whom absconded, leaving 128). Information extracted from different court systems, including case files, included:

- Original sentence in days;
- The number of prison days served as sanctions during the period of the Drug Treatment Order (DTO); and
- Any additional sentence imposed at the end of the DTO, or on cancellation of the DTO, relating to offences committed during the order.

DCV calculated that the additional savings associated with the offenders participating in DTOs rather than serving their sentences in prison showed additional savings totalling \$8.83 million, and included:

- the savings from the total original custodial sentences being served as a DTO in the community. This was expressed as 47,490 original sentence days, at an average cost of \$270 per day and totalled \$12,822,300.⁴ The information on original sentence days was not available during the original evaluation;
- the cost of prison days served during the DTO as sanctions for non-compliance with the DTO. This was included as an estimated potential additional cost in the evaluation report⁵ of \$266,760. On further investigation by the MCV of the court records, sanction days for the 128 participants were found to actually total 3,218, which equates to an approximate annual average cost of \$310,635⁶; and
- the cost of custodial sentences imposed on termination of the DTO (for whatever reason). For the 128 participants total sentences came to 11,566 days, or \$3,122,820, and an approximate additional annual cost of prison days of \$117,935.⁷

DCV was not able to quantify the cost to the community of the offences that participants may have committed when they were on DTOs, (i.e. those offences that they would not have been able to commit had they been in prison).

⁴ Calculation was based on 47,490 original sentence days for 128 participants. Average original sentence equals 371 days per participant, divided by average time on order (518 days) annualised (multiplied by 365) to 261 days per participant per annum. At 65 participants in program, and \$270 per day average cost of imprisonment days saved comes to \$4,580,550.

⁵ Evaluation of the Drug Court of Victoria Final report KPMG 18 December 2014 p 91 Calculation was based on 2,965 sanction days over 3 years, provided by MCV, being 988 per annum, at \$270 per day.

⁶ Calculation based on 3,218 days for 128 participants. Average equals 25.14 per participant, divided by average time on order (518 days) annualised (multiplied by 365) to 17.7 per participant per annum. At 65 participants in program, and \$270 per day average cost of imprisonment totals \$310,635.

⁷ Calculation based on 11,566 for 128 participants. Average equals 90.36 per participant, divided by average time on order (518 days) annualised (multiplied by 365) to 63.7 per participant per year. At an average of 65 participants in program, and \$270 per prison day the average cost of imprisonment totals \$1,117,935 per year.

This provides a total annualised saving as shown in the table below:

	Days for 128 participants who completed DTO	Days per participant per year ⁸	Total days per year based on 65 participants	Cost of prison bed per day \$	Total \$
Original saving	47,490	261	16,965	270	4,580,550
Less:					
Sanction days	3,218	17.7	1,150.5	270	310,635
Additional sentence	<u>11,566</u>	<u>63.7</u>	<u>4,140.5</u>	<u>270</u>	<u>1,117,935</u>
	<u>14,784</u>		<u>5,291</u>		<u>1,428,570</u>
Revised saving	32,706		11,674 days	\$270	\$3,151,980

As part of the process of validating the magnitude of the additional savings during the term of each offender sentence, Drug Court Victoria supplied KPMG with a worksheet showing their calculations of the cost savings generated by the substitution of a sentence delivered in the community, against the original custodial sentence.

This was calculated as:

- The original custodial sentence expressed in days minus
- The number of sanction days served (as part of the order) minus
- Any custodial sentence imposed when the DTO was not completed due to multiple breaches including re-offending.

The spreadsheet was scrutinised for errors in calculation or formulae.

The data on the spreadsheet was stratified by size of actual (not annualised) calculated saving. By checking the data entries associated with the 33 largest savings (each over \$100,000) over 55 per cent of the total value of \$8.83 million (namely \$4.9 million) was checked back to the court database records.

⁸ Calculated by dividing total days by no. of participants (128), dividing by average length of DTO (518 days) and multiplying by 365.

3 Results

For the sample tested, no discrepancies were found between the data entered on to the spreadsheet and the underlying court records. Initially, three entries appeared to be different, but further investigation showed the spreadsheet to be correct.

The calculations within the spreadsheet were operating correctly, and the assumptions made were assessed as reasonable.

Spreadsheet entries totally \$4.9 million were checked against court records, being 55 per cent of the total savings calculated.

3.1 Findings

The same pool of participants used in the evaluation, namely those who started and completed their sentence within the period 1 July 2011 to 30 June 2014 and totalling 130, were used within the calculation. Of these, two participants absconded, so the pool was effectively 128 participants. Original sentences range from 60 days to 730 days, with just under half (45%) being over 400 days.

There was no apparent relationship between the number of sanction days served or original sentence and the particular participants who graduated. A high number of participants do not complete or graduate. There is no reason to suppose that the 128 participants are not representative of DTO participants in general.

The pool of data is not large enough to make a firm extrapolation over all potential Drug Courts and participants. However, on the assumption that every time a participant leaves the program, for whatever reason, another participant takes the vacant place, these savings are correctly calculated.

As stated in the original evaluation report, should there be a significant change in sentencing patterns for drug court participants (i.e. repeat offenders with a history of drug related crime and incarceration) this would be likely to have a greater impact on potential savings than any changes to other assumptions within the calculation.

For the 128 participants included in the calculation, savings totalled 32,706 prison days, at \$270 cost per prison day, namely \$8.83 million. This was then annualised for a program taking 65 participants to an annual average of 11,702 prison days saved, or a saving of \$3.15 million.

The evaluation report identified annualised recidivism savings of 2,246 days imprisonment⁹, due to reduced frequency and severity of offending by offenders who had been through the Drug Court, compared to a cohort who had been incarcerated for two years. At \$270 per day, this represented an additional annualised saving of \$606,000.

Therefore in total the Drug Court reduced the demands on the correctional facilities by the equivalent of 13,948 prison days a year, at a potential financial saving to the justice system of \$3.77 million, against an annual financial cost of around \$1.5 million.¹⁰

In addition to these financial benefits of DTOs, there are also the unquantified community benefits from the reductions in offending both during the term of the Orders and after the sentence has

⁹ Evaluation of the Drug Court of Victoria Final report KPMG 18 December 2014 p 93

¹⁰ Evaluation of the Drug Court of Victoria Final report KPMG 18 December 2014 p84

been completed. However, these may, at least in part be offset by the cost to the community of offences committed by DTO participants that they would not have been able to commit had they been in prison.