

YMCA Victoria

# The Bridge Project



## The Bridge Project Cost Benefit Analysis

January 2008



**YMCA**

We build strong **PEOPLE**  
strong **FAMILIES**  
strong **COMMUNITIES**

# Thankyou

This study has been conducted with the assistance and guidance of KPMG Australia.

The YMCA would like to thank KPMG Australia and acknowledge their assistance and ongoing support of YMCA Victoria and The Bridge Project.

# Executive summary

*The Bridge Project aims to improve rehabilitation and reduce the re-offending rate for 16-21 year old males within the Victorian criminal justice system.*

*Currently, recidivism (re-offence after 1 or more crimes) is around 55%, and The Bridge Project aims to reduce this to less than 25% through supporting and placing young offenders into subsidised employment and training programs.*

***There is nothing training cannot do. Nothing is above its reach. It can turn bad morals to good; it can destroy bad principles and recreate good ones; it can lift men to angelship.***

Mark Twain

## **Objective**

This report analyses the economic costs associated with juvenile offences, to determine the cost avoidance benefits associated with The Bridge Project.

## **Key benefits of The Project Bridge**

- Reduction in the Victorian crime rate (by providing training, employment and other services as a form of rehabilitation for young re-offenders)
- Reducing the recidivism rate amongst 16-21 year old male program participants from 55% to 25%
- Placing young people into Victorian industries experiencing skilled labour market shortages
- Potential total cost avoidance of approximately \$29.4 million over the next five years (2008 – 2012)
- Cost avoidance potential of \$8 million per annum to the state of Victoria thereafter
- Significant associated reductions in the cost effects to Victorian communities associated with motor vehicle theft, home burglary, vandalism and shoplifting
- Increased contributions from individuals gaining employment through tax, reduced burden on health systems, additional workforce productivity.

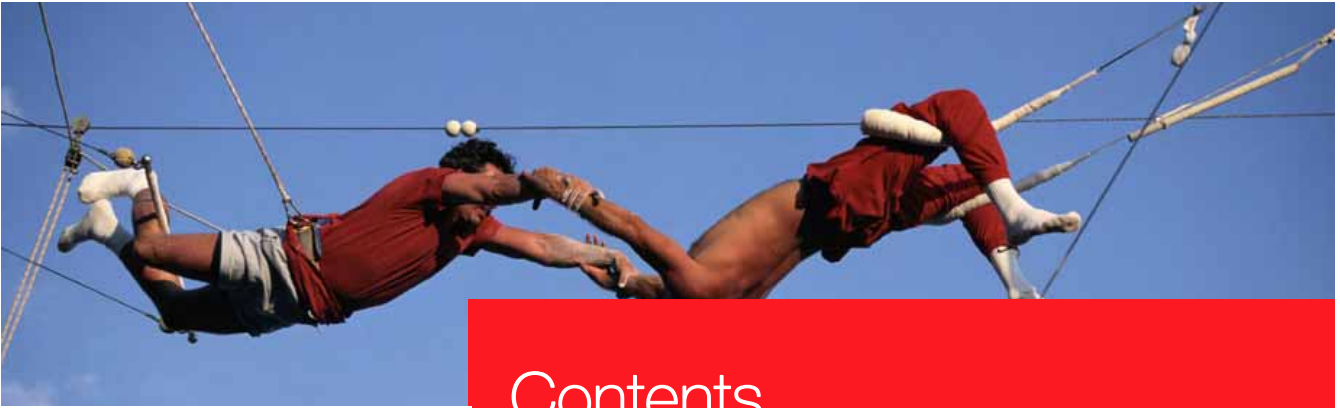
## **Next steps: Moving from forecasts to action**

YMCA Victoria requires funding of \$5 million total for the period 2008 - 2012 to allow The Bridge Project to cover employment subsidies, support staff, operational expenses and to allow the project to continue providing benefits to the Victorian community.

The **Bridge Project**








# Contents

The YMCA and Youth Justice: A unique and positive partnership .....	1
Objectives .....	2
The Bridge Project: An Overview .....	3
Strategic Linkages: Helping Victoria achieve its vision .....	5
Cost benefit analysis: Our Methodology .....	7
Cost benefit analysis: Detailed findings .....	8
Cost benefit analysis: The benefit explained .....	15



# The YMCA and Youth Justice: A unique and positive partnership

*The YMCA is the only non-statutory agency to have contact with every young person in custody across Victoria on a daily basis through the wide range of programs delivered by our staff teams.*

This unique collaboration between government and non government agencies has been in operation since 1993 and provides the YMCA with a unique opportunity to build long term, meaningful and trusting relationships with young people during their time in custody and upon their transition back to community.

It is important to recognise youth crime is both a legal problem and a social problem with social causes and effects. Socio-economic disadvantage, poor education, lack of attainment, family breakdown, sexual abuse, violence, family drug abuse, unemployment and a history of failures — their own, their family's and their support systems — all increase the likelihood of young people offending and re-offending.

Young people with a significant history of involvement in the criminal justice system are often stigmatized as a result of this involvement. This stigma contributes to the current high rate of recidivism for young offenders. **57%** of individuals with a criminal record report having trouble finding employment post-release due to their criminal record. Community support of these young people through provision of work place training, personal development, and work opportunities is essential for their rehabilitation.

# Objectives

*The Bridge Project aims to provide work placement and structured rehabilitation to male juvenile offenders aged 16-21. The project expects to reduce recidivism amongst these offenders to provide value to the community by reducing crime and proving potential cost avoidance enabling government funds to be re-prioritised into front line services.*

## **Purpose**

The study aims to derive the costs associated with recidivism amongst 16 to 21 year old males in Victoria, and hence the benefits and impacts which The Bridge Project will deliver over a five year period.

## **Scope**

Through the use of existing academic, professional and government research we have identified and allocated cost drivers associated with juvenile crime in Victoria.

In order to determine the cost of a re-offending 16-21 year old male individual to Victoria, the costs associated with court proceedings, incarceration and transitional services have been extrapolated across the relevant population, and then allocated to the individual.

Please note, we have indicated within this report the sources of information provided. However, we have not sought to independently verify those sources unless otherwise stated within this report.



# The Bridge Project: An Overview

*In Victoria currently there are approximately 100 males aged between 16 and 21 in juvenile detention. Around 55% of these young men will re-offend within the first year of release and there is approximately a 30% chance that their second offence will be more severe than the first. The Bridge Project aims to provide a structure for young people leaving custody to rejoin society and rebuild their lives.*

***Train a child in the way  
he should go, and  
when he is old he will  
not turn from it***

Proverbs – 22:6

## **About The Bridge Project**

The Bridge Project aims to decrease the recidivism rate of 16 – 21 year old males by providing them with support in obtaining employment at the end of their custodial sentence. This support is maintained through their traineeship.

The project encourages employers to hire these young men through subsidising wages during the initial 16 week probation period.

The program also provides relevant training courses and social responsibility sessions to help assimilate these young men back into society.





*There is always a moment in childhood when the door opens and lets the future in*

Graham Green

### **Proof of concept: The success story so far**

In 2007, 27 males aged 16-21 were placed into employment after recently completing their custodial sentence. According to NSW Parliament briefing paper 15/2006 *Reducing The Risk of Recidivism*, 57% of offenders considered their criminal record to be the main barrier to gaining employment due to employer perceptions of safety, reliability and productivity.

The Bridge Project commenced in February 2007 and as at 30 December 2007, none of the program participants had re-offended.

Further, 20 of the 27 participants completed sixteen weeks of full time employment, with 75% currently remaining in full time employment.

The industries of employment for participants in The Bridge Project included:

- Bricklaying
- Forklift/Warehouse
- Motor Industry
- Trade
- Health & Fitness
- Retail/Recreation
- Landscaping
- Apprenticeship
- Retail
- Fitter & Turner

When compared against Victoria's current skills shortage a direct correlation between the employment provided and industries experiencing labour shortages can be drawn, contributing 20 workers to the labour market in which current shortages exist.

The trial has been regarded as a success by the program participants, employment partners, and the YMCA.

***For each of these young men the YMCA has provided a bridge to a brighter future, and with support they have been encouraged to embrace it into their lives.***

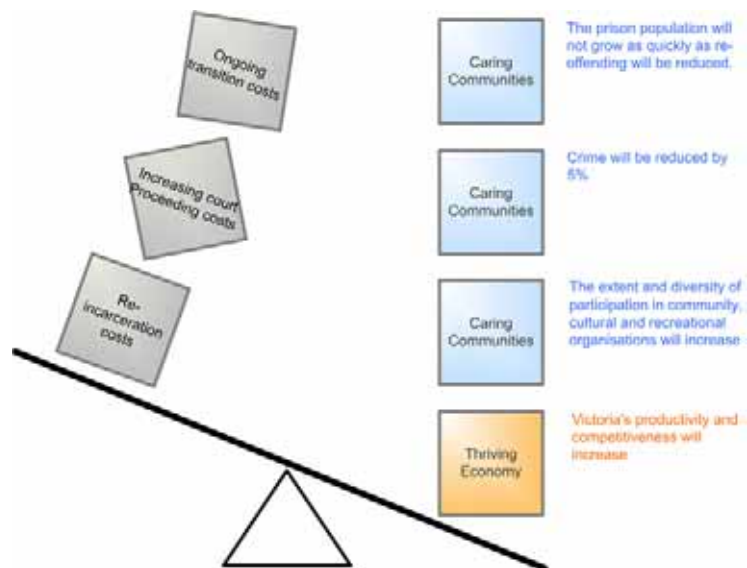
# Strategic Linkages: Helping Victoria achieve its vision

*The Victorian Government vision for 2010 and beyond describes the key elements in growing our state. The Bridge Project aims to address two of these key areas: Caring Communities, and Thriving Economy through reducing juvenile crime and addressing the skill shortage.*

The YMCA's Bridge Project initiative aligns itself closely with the Victorian Government vision as stated in the Growing Victoria Together initiative, with particular focus on the caring communities and thriving economy elements.

Key government objectives outlined in the vision paper, to which the program contributes include:

- Reducing the growth rate of Victoria's prison population; in particular juvenile detention.
- Reducing the crime rate; in particular crime committed by 16-21 year old male re-offenders.
- The extent of participation in community organisations; through the collaboration of Government, Business, and Non-Government Organisations aiming to achieve a common goal.



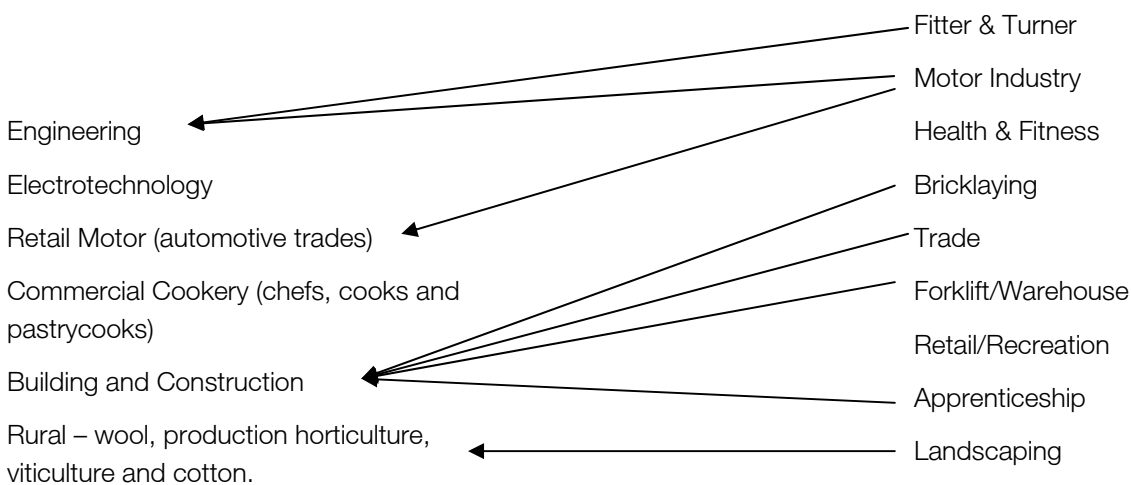
# Growing Victoria Together: How The Bridge Project will help Victoria achieve its 2010 Vision

Growing Victoria Together Vision	How The Bridge Project will help the Government achieve this vision
<p><b>Caring Communities</b></p> <p>The prison population will not grow as quickly as re-offending will be reduced .</p> <p>Crime will be reduced by 5%</p> <p>The extent and diversity of participation in community , cultural and recreational organisations will increase</p>	<p>By 2012 The Bridge Project will reduce the juvenile detention population through a reduction in the number of young people re-offending .</p> <p>By providing these young people with employment, training and support the re-offence rate amongst participants will drop from 55% to 25% or below.</p> <p>The Bridge Project is a collaborative effort of Government, Business, and Community working to achieve a common goal in making their community a safer place.</p>
<p><b>Thriving Economy</b></p> <p>Victoria’s productivity and competitiveness will increase</p>	<p>By aligning employment positions with current labour market shortages, The Bridge Project will assist in meeting unfulfilled needs within Victorian industry.</p>

## Addressing the Victorian Skills Shortage

### Industries experiencing skills shortage

### Industries of work placement



# Cost benefit analysis: Our Methodology

*Our approach aims to derive the full costs to society of a 16 to 21 year old male re-offending in Victoria; by attributing this cost we can begin to assess the full benefits of The Bridge Project to the Victorian community.*

We acknowledge accurately calculating the cost of juvenile recidivists is difficult and requires detailed studies into the economic and environmental factors affecting the population. However, in order to provide an illustration of the potential impact of The Bridge Project we have adopted an approach which extrapolates figures from various Australian and Victorian Government reports across 16-21 year old male recidivists in two scenarios; the continuation of the current situation and the outcomes if The Bridge Project were implemented progressively. Both scenarios are forecast over a five-year period and include identical cost drivers and elements assuming all other economic factors remain equal.

## **Current situation**

Previous studies indicate a 55% recidivism rate amongst first time juvenile offenders. Studies indicate there are currently 100 16-21 year old males offenders incarcerated in youth detention facilities.

## **The Bridge Project**

The Bridge Project aims to ease the cost pressure on the juvenile justice system by placing a group of 16-21 year old males into initially subsidised employment developing into long-term work placement and career opportunities. This is achieved through a structured program, which reduces the re-offence rate and delivers the State of Victoria a potential avoidance in costs associated with prosecution, incarceration, and transition.

## **Assumptions and constraints**

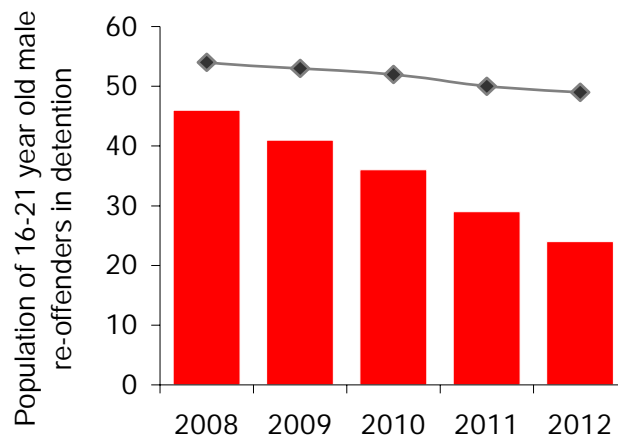
- 55% recidivism rate across the total incarcerated population 16-21 year old males and a 3% annual decline in the Juvenile crime rate
- The Bridge Project will have a 75% success rate defined as program participants who do not re-offend
- The study has excluded consideration of those Juveniles prosecuted but not convicted contributing to the court costs
- Only data accessible through the referenced material has been considered in any calculations (refer Appendix 1: References)

# Cost benefit analysis: Detailed findings

## Impact on the population of 16-21 year old male re-offenders in detention in Victoria

If we continue current practices, literature indicates that 55 16 – 21 year old males will re-offend in the first year. This will reduce to 49 in year five accounting for both a 3% annual decline in juvenile crime and the population growth amongst 16 – 21 year old males over the period.

The introduction of The Bridge Project will reduce this number to 45 16 -21 year old male re-offenders in the first year of operation, which is a 9 less than the base case. The program is forecast to expand its participants over the five years of operation and expects to reduce this further to 24 16 – 21 year old male re-offenders in the fifth year. This is a reduction of 25 recidivists from the base case.



■ Detention population given The Bridge Project impact

◆ Detention population given current trend

The Bridge Project does not expect to be able to grow participation amongst 16-21 year old male re-offenders beyond 60 achieved in year five.

As a result of the program both the detention population and the recidivism rate amongst 16 – 21 year old males will decrease. This decline is a Victorian Government objective for 2010.

It is recognised that 15-21 year old males are categorised together in the Youth Justice System. However, due to full time employment regulations, The Bridge Project is currently only able to incorporate 16-21 year olds.

## **Impact on the total cost to the state of Victoria of 16-21 year old male re-offenders**

### **Overview**

As a result of the declining detention population and recidivism rate there is associated cost avoidance potential to the Victorian community.

### **Direct Cost Elements**

For the purpose of this analysis costs associated with the target population have been divided into three key categories:

- Criminal costs: include costs associated with incarceration and court proceedings.
- Transition costs: include costs provided to juveniles prior to entering, and once leaving detention (remand, and parole services)
- Project costs: costs associated with providing services to young people as part of The Bridge Project.

This study breaks down each of these cost elements in addition to providing an aggregate view of the total cost associated with 16-21 year old male re-offenders.

By 2012 The Bridge Project will have made a significant impact (\$8M) in potential cost avoidance associated with 16-21 year old Male re-offenders.

### **Associated Costs**

Associated costs are the cost effects attributable to Juvenile crime that cannot be accurately allocated to a single individual offender due to their variability. However, it is important that these costs are noted and the potential cost avoidance recognised. The associated costs identified in this study include:


- Cost effect of motor vehicle theft
- Cost effect of home burglary
- Cost effect of vandalism
- Cost effect of shoplifting
- Contribution of individual tax
- Reduced incidence of drug dependence and associated medical costs

**Current Situation: 5 year forecast**

	Criminal Costs \$'000	Transition Costs \$'000	Project Costs \$'000	Total Cost \$'000
2008	13,206	3,229	-	16,034
2009	13,242	3,237	-	16,078
2010	13,300	3,251	-	16,148
2011	13,327	3,258	-	16,181
2012	13,280	3,248	-	16,527

**The Bridge Project: 5 year forecast**

	Criminal Costs \$'000	Transition Costs \$'000	Project Costs \$'000	Total Cost \$'000
2008	9,953	2,475	551	12,979
2009	8,796	2,208	867	11,871
2010	7,604	1,932	1,075	10,611
2011	6,302	1,636	1,287	9,225
2012	6,098	1,062	1,302	8,462



***The project will progressively build the cost avoidance potential associated with 16-21 year old male re-offenders over the five-year period by up to \$8 million annually.***

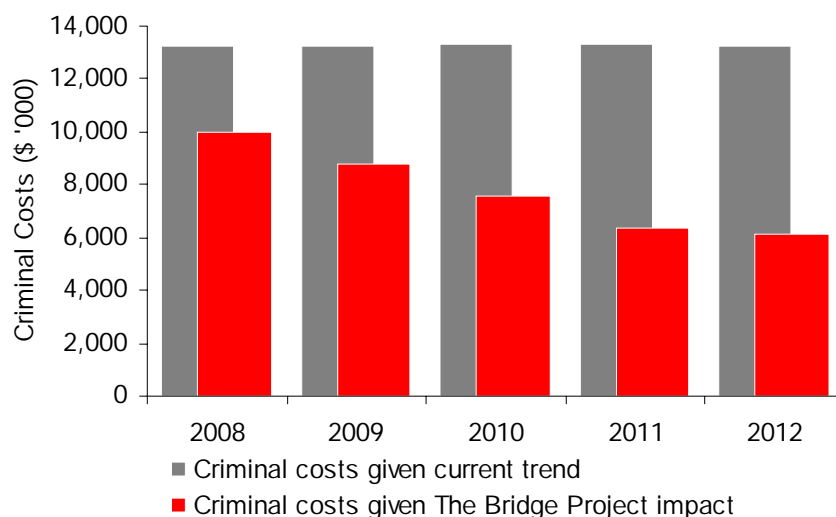
## Criminal costs associated with 16-21 year old male re-offenders in Victoria

### Overview

The criminal cost component of direct costs associated with 16-21 year old males comprises two components in the context of our study:

- Incarceration costs: The daily costs to hold the population of 16-21 year old male re-offenders in detention for the average sentence duration.
- Court costs: The total cost of juvenile proceedings in Victoria attributable to the population of 16-21 year old male re-offenders, including: salaries of judicial officers, and running costs of court sittings.

### Forecast annual criminal costs



The program will significantly impact the requirement for criminal costs associated with 16-21 year old male re-offenders.

The criminal cost avoidance potential by year five will amount to \$7.18 million annually.



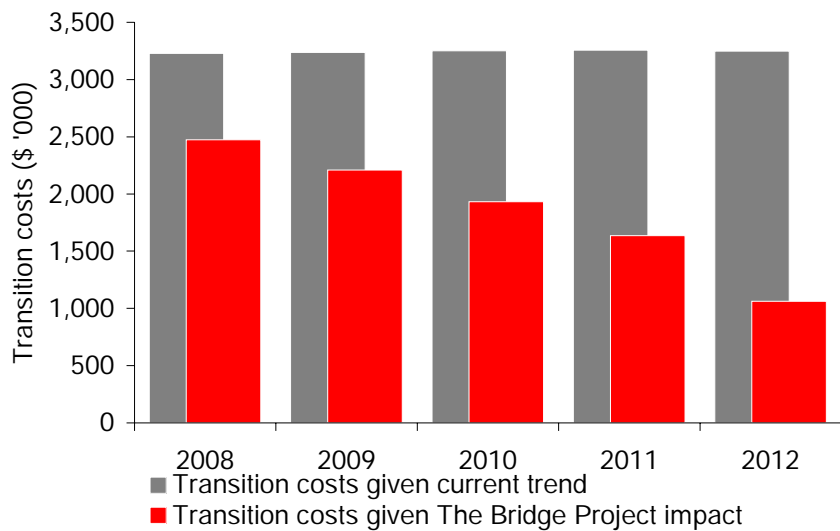
## Transition costs associated with 16-21 year old male re-offenders in Victoria

### Overview

Transition costs are made up of two components in the context of our study:

- Remand costs: costs associated with remand and committal activities.
- Parole costs: costs associated with provide a parole office and services after the completion of a custodial sentence.

### Forecast annual transition costs



*It is never too late to become what you might have been.*

George Eliot

By the end of the five-year forecast The Bridge Project will provide a potential cost avoidance of up to 2.18 million annually.

## **Associated cost effects attributable to crimes committed by 16-21 year old male re-offenders in Victoria**

### **Overview**

Associated costs, for the purpose of this study have been defined as costs which cannot be directly allocated to an individual offender. However, there will be an element of cost avoidance potential as a result of The Bridge Project.

Identified associated costs include:

- Cost of motor vehicle theft
- Cost of home burglary
- Cost of vandalism
- Cost of shoplifting

This study has not estimated the impacts that The Bridge Project may have on these associated costs, but recognises there is a strong correlation between 16 – 21 year old males and the types of offences yielding these associated costs.

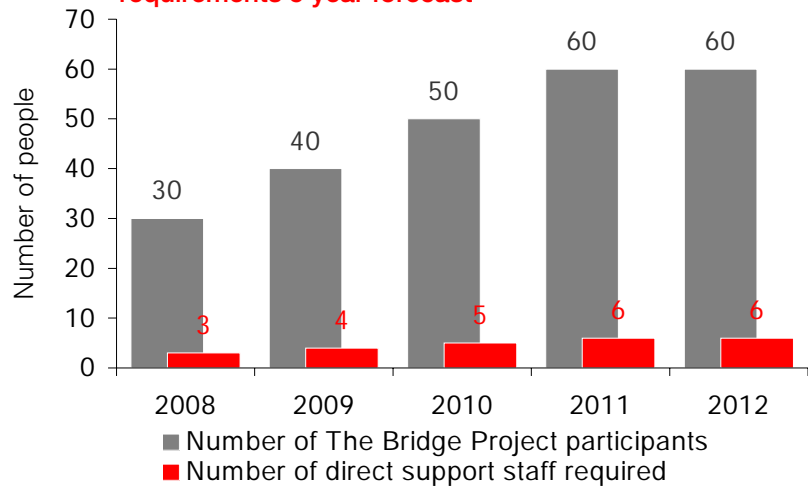
The study also recognises that there will be further social impacts from taking 16 – 21 year old male re-offenders out of the criminal justice system and placing them into employment including:

- Contribution of individual tax
- Reduced incidence of drug dependence and associated medical costs
- Increased production capacity within the Victorian community

### The Bridge Project cost breakdown

The costs associated with the operation of The Bridge Project are approximately \$5 million, and is directly proportionate to the number of program participants.

**The Bridge Project: Participation and staff requirements 5 year forecast**



*After talking with the target employers (30 – 50 employees), this subsidy was a major contributing factor for the employer “to take a chance”.*

YMCA Victoria, The Bridge Project Interim Review

### The Bridge Project: Funding requirement 5 year forecast

	2008 \$ ' 000	2009 \$ ' 000	2010 \$ ' 000	2011 \$ ' 000	2012 \$ ' 000
Funding required to support Bridge Project	551.52	867.69	1,075.44	1,287.67	1,302.95

The above funding requirement forecast is calculated at the full cost of operating The Bridge Project and totals \$4,999,447 for the five years. This includes:

- Salaries of participants to be paid to employers
- Salaries and wages of support staff
- Participant training and other support costs
- Operational and administration expenses.

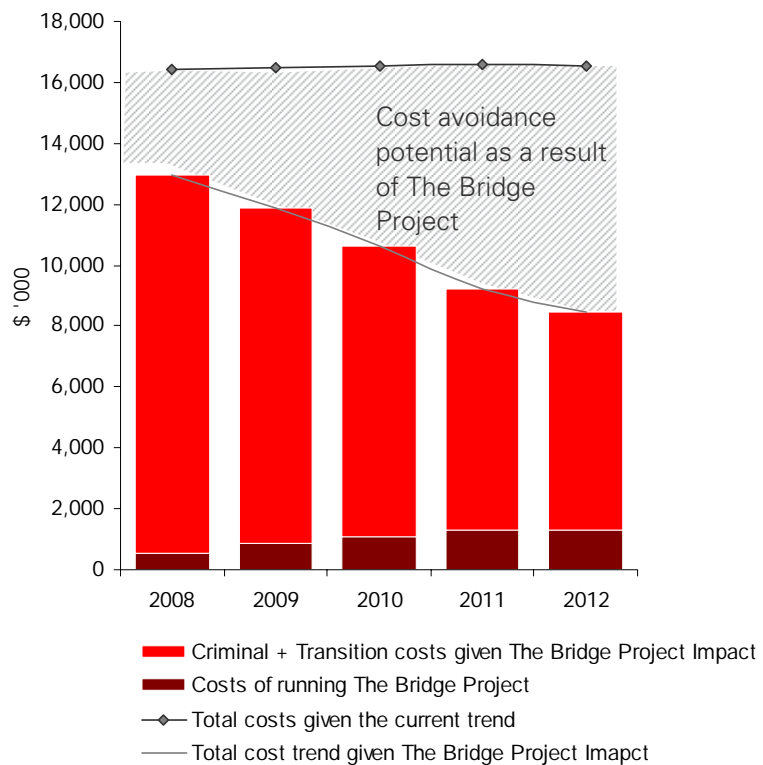
	2008	2009	2010	2011	2012
Work Traineeship Initiatives	180,000	360,000	450,000	540,000	540,000
Total Staffing Expenses	241,518	330,075	422,908	520,177	533,181
Total Project Expenses	45,500	91,000	113,750	136,500	136,500
Total Administration Expenses	84,500	86,613	88,778	90,997	93,272
<b>Total Project Cost</b>	<b>551,518</b>	<b>867,687</b>	<b>1,075,436</b>	<b>1,287,674</b>	<b>1,302,954</b>



*By lending a supporting hand YMCA Victoria will provide Victoria with substantial cost avoidance.*

## Cost benefit analysis: The benefit explained

There is a total cost avoidance potential to the State of Victoria of approximately \$29.4 million over the next 5 years with an avoidance potential of \$8 million annually thereafter.



	2008 \$ ' 000	2009 \$ ' 000	2010 \$ ' 000	2011 \$ ' 000
Cost to society of current situation	16,435	16,480	16,552	16,585
Cost to society with Project Bridge support	12,980	11,872	10,611	9,243
Cost Avoidance to society as a result of Project Bridge	3,455	4,608	5,940	7,342

## Appendix 1: References

- Australian Institute of Criminology, Statistics on Juvenile detention in Australia, 2003
- Australian Institute of Criminology, *Australian Crime: Facts and Figures*, 2002
- Australian Institute of Criminology, *Young People and Crime: Cost and Prevention*, 1987
- Australian Institute of Criminology, *Juveniles in detention data 2003-2004*, 2005
- Australian Institute of Health and Welfare, *Juvenile justice in Victoria 2005-06*, 2006
- Australian Institute of Health and Welfare, *Juvenile in Detention in Australia 2005*, 2005
- Australian Institute of Health and Welfare, *Juvenile justice in Australia 2004-05*, 2005
- Australian Institute of Health and Welfare, *Juvenile Justice in Australia 2000-2004*, 2004
- Australian Bureau of Statistics, 2006 Census Data: Age & Population Distribution, Victoria (State), 2007
- Department of Education, Science and Training, NATURE AND CAUSES OF SKILL SHORTAGES Reflections from the Commonwealth National Industry Skills Initiative Working Groups, 2002
- Department of Human Services (Victoria), *Recidivism Amongst Juvenile Justice Clients*, 2001
- Heart Quotes, *Quotes*, viewed on 3<sup>rd</sup> October 2007, <http://www.heartquotes.net/>
- Reserve Bank of Australia, Measures of Consumer Price Inflation - G1, 2007
- Tanya Drabsch, Briefing Paper to NSW Parliament 15/2006: Reducing the Risk of Recidivism, 2006
- Victorian Government, *Growing Victoria Together: A vision for Victoria to 2010 and beyond*, 2007, <http://www.growingvictoria.gov.au>



## **Appendix 2: Terms and conditions of use**

This report has been prepared by YMCA Victoria with the assistance of KPMG. © 2007 YMCA Victoria. All rights reserved.

The 'Y' Device is a registered trademark of the YMCA.

### **Third party information**

We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.



This report has been produced by YMCA Victoria with the assistance of KPMG Australia.

© 2008 YMCA Victoria  
All rights reserved. Printed in Australia