

## Regulatory Impact Statement

### Including 17 year-olds, and convictable traffic offences not punishable by imprisonment, in the youth justice system

#### Agency Disclosure Statement

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1. This Regulatory Impact Statement has been prepared by the Ministry of Justice. It provides three analyses. The first provides an analysis of options to include 17 year olds in the youth justice system. The second analyses options, in the context of a recommendation to include 17 year-olds in the youth justice system, to ensure serious recidivist young offenders are dealt with in a manner that maintains confidence in the justice system. The final analysis addresses the inconsistent treatment of young people in the justice system apprehended for convictable traffic offences not punishable by imprisonment.

#### Primary analysis: Including 17 year-olds in the youth justice system

##### *Focus on regulatory change*

2. The options in this analysis are restricted to regulatory change alone; either the retention of 17 year-olds in the adult jurisdiction (status quo) or the inclusion of 17 year-olds in the youth justice system, for the following reasons:
  - Cabinet directed the Minister of Justice and the Minister for Social Development to report back on the age settings of the youth justice system to include 17 year-olds; and
  - problems associated with the current treatment of 17 year-olds in the adult justice system are directly related to the operation of the adult justice system; therefore, options situated within the adult justice system would not address underlying issues without fundamentally altering the operation of the adult justice system. The youth justice system is already designed to respond to the age-related needs of young people to address the underlying causes of offending.

##### *Alignment with the Investing in Children programme*

3. Cabinet's decision to investigate including 17 year-olds in the youth justice system was the result of a recommendation of the 2015 *Expert Panel Final Report: Investing in New Zealand's Children and Their Families*. The proposed regulatory change is one part of a broader work programme that resulted from this report, and is being undertaken by the *Investing in Children* (IIC) programme.

4. Part of this proposal is dependent on the IIC reforms. In particular, the capability of the youth justice system to effectively manage an increase in young people receiving custodial placements, and 17 year-olds who will potentially present more complex needs, is dependent on community-based remand alternatives being in place. These will free up youth justice residences to accommodate the increase in, and focus on the needs of, young people receiving custodial placements.
5. Other regulatory options relating to services provided in the youth justice system are being considered under the IIC programme, and have been considered in the separate RIS: Youth Justice Enhancements.

### *Quality of the evidence base*

6. The analysis focuses on the detrimental effect that adult and formal justice processes have on young people. It draws on a significant body of robust international research, including a number of meta-analyses. Whilst there is a considerable qualitative literature specific to the New Zealand context, there are limitations to published quantitative studies (such as the absence of control groups to compare rates of reoffending).
7. For this reason, international evidence is supplemented by Ministry of Justice analysis in one key area. A matched analysis was carried out by the Ministry which confirms one of the key benefits of removing young people from the adult justice system: a 15% reduction in reoffending. This matched analysis has the following two limitations:
  - the 17 year-old offenders included in this study are on average six months older than 16 year-olds. Although the age difference is small, it may still have a significant impact on likelihood of reoffending which cannot be accounted for by statistical models; and
  - only demographic and offending characteristics have been used to predict reoffending. Other factors likely to influence the likelihood of reoffending, for example, education and care and protection history, were unable to be included in the matching process.

16 and 17 year-olds compared in this study may differ on the basis of these factors not able to be accounted for in this analysis, thus biasing the results.

### *Scope limitations*

8. One of the factors that led to this proposal being considered is research that shows that the human brain is not fully developed until a person is in their early twenties (up to 24 years of age). Our analysis, however, focuses on an option to include 17 year-olds only in the youth justice system. Including 17 year-olds is a significant change, which the Ministry of Justice considers should be in and be subject to monitoring before older young people are considered for the youth justice system.

## **Secondary analysis: Dealing with serious recidivist young offenders in the youth justice system**

9. This secondary analysis responds to public concerns that have been raised over the proposal to include 17 year-olds in the youth justice system. These concerns contend that the youth justice system does not appropriately deal with the most serious recidivist young offenders.
10. It is noted that the youth justice system already has mechanisms to deal with the most serious offenders and can transfer these young people to an adult court when adult custodial detention is determined to be more appropriate. Furthermore, there is limited evidence to support the contention that young people are not transferred to District Court for sentencing when appropriate. In order to fully understand the extent of the problem, a full case-by-case review of all relevant cases, likely to take a number of years, would be needed. Undertaking a case-by-case analysis is not feasible due to the time and resource implications associated with it.
11. This secondary analysis assumes the inclusion of 17 year-olds in the youth justice system, based on our recommendation in the initial analysis. This assumption has influenced our recommendation, noting that the maintenance of public confidence in the justice system is fundamentally important when considering significant change to it.

## **Tertiary analysis: Dealing with young people apprehended for convictable traffic offences not punishable by imprisonment**

12. This final analysis addresses the inconsistent treatment of young people in the justice system apprehended for convictable traffic offences not punishable by imprisonment. These are the only convictable offences not dealt with in the youth justice system.

### *Quality of the evidence base*

13. This analysis uses the same evidence base as the analysis of the proposal to include 17 year-olds in the youth justice system. This includes the matched analysis carried out by the Ministry of Justice, which indicates a 15% reduction in reoffending if young people currently dealt with in the adult justice system were included in the youth justice system. This analysis, however, includes only young people whose offending is serious enough to warrant being heard in the Youth Court. Therefore, it does not directly relate to lower-level offending such as convictable traffic offences not punishable by imprisonment. Again, however, this analysis is supported by international literature and evidence.

### *Focus on regulatory change and alignment with the IIC*

14. This analysis also focuses on regulatory change only, for the same reasons as set out above.

*Scope issues*

15. Based on the Ministry's recommendation to include 17 year-olds in the youth justice system, this analysis assumes the inclusion of 17 year-olds.
16. Due to limited time, and the complex interrelationship between traffic infringements (where infringement notices that are served – i.e. for speeding tickets), and convictable traffic offences (which result in a summons to the District Court), we have been unable at this stage to consider infringement offences excluded from the youth justice system (sections 272(3)(ba), (c), and (d) of the Children, Young Persons, and Their Families Act 1989), and traffic infringement offences (also excluded by section 272(3)(c)).



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## Executive Summary

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### *Including 17 year-olds in the youth justice system*

17. New Zealand's justice system treats young people less than 17 years of age differently to adults. Separation of children and young people from the adult justice system is based on the premise that the vulnerability and immaturity of younger people means that they need to be treated differently from adult offenders.
18. To account for this difference, the youth justice system is guided by youth justice principles set out in the Children, Young Persons and their Families Act 1989 (CYPFA). These principles are underpinned by an understanding that, among other things, proceedings should not be instigated against young people where offending can be addressed by alternative means, and any measures for dealing with offending by young people should address the causes underlying the offending.
19. While 17 year-olds are treated as adults in the adult justice system, research shows that their brain is not fully developed at this stage. The parts of the brain that govern risk-taking behaviour, impulse control, and process long-term consequences are not fully developed until a young person reaches their early twenties. The implications of this research are borne out by Ministry of Justice analysis, which shows that most people stop offending in their twenties.
20. In this context, punitive responses to most offending carried out by 17 year-olds generates an impact that is disproportionate to the harm the offending causes for the community, and is counter-productive. The negative impact on the life opportunities of 17 year-olds ultimately dis-benefits society.
21. As well as impacting on a 17 year-olds future life opportunities, contact with formal justice processes is demonstrated to contribute to young people reoffending, reoffending more regularly and reoffending more seriously. Processing 17 year-olds in the adult justice system, therefore, contributes to them becoming more entrenched in the justice system, thus further reducing their future opportunities, or their ability to lead a crime-free life. This outcome then perpetuates an intergenerational cycle of criminal activity and engagement with the justice system. These problems disproportionately impact Māori, and contribute to ongoing ethnic disparities in the justice system.
22. A comparative assessment of the status quo (retaining 17 year-olds in the adult justice system) with the proposal to include 17 year-olds in the youth justice system clearly shows the benefit of including 17 year-olds in the youth justice system. A cost-benefit analysis, in particular, shows that including 17 year-olds in the youth jurisdiction will generate a long-term benefit for society. Intergenerational benefits are unable to be quantified, but are considered to be significant.

### *Dealing with serious recidivist young offenders in the youth justice system*

23. The analysis also recognises that offending by some 17 year-olds represent a significant step-up from that of most young people currently dealt with in the youth justice system, and that these 17 year-olds present significant challenges, both in terms of responding to their offending and the risk they present to public safety.
24. Youth Court judges have the ability to send young people proved of serious offences to an adult court for sentencing. This option is used when the District Court is deemed a more appropriate response to the seriousness of the offending. There is, however, a concern that current judicial practice does not always accurately identify all young people for whom transfer to the District Court could be assessed as being more appropriate.
25. A second analysis therefore assesses options for dealing with serious recidivist young offenders (14 – 17 year-olds) differently. The analysis finds that judicial discretion remains the best approach for considering when a young person should be sentenced in an adult court for serious offending. It also concludes, however, that changes may be necessary in the context of including 17 year-olds in the youth justice system to ensure public confidence in the operation of the justice system more generally.
26. The Ministry of Justice is comfortable with a proposal to amend the existing judicial discretion to transfer repeat young offenders proved of serious offences to an adult court for sentencing. To do so, the analysis recommends strengthening the discretion so that, for serious young offenders, more emphasis is put on their previous offending and the impact of their offending on the victim, than on other factors a judge must consider before transferring a young person to an adult court for sentencing. It is estimated that this change would result in an additional 11 – 79 young people being sentenced in an adult court for serious offending.

### *Dealing with young people apprehended for convictable traffic offences not punishable by imprisonment*

27. Convictable traffic offences not punishable by imprisonment are excluded from the youth justice system by section 272(3)(c) of the CYPFA. As a result, young people charged with these offences are proceeded against in the adult justice system in the District Court.
28. As noted in the prior analysis, formal processing and convictions contribute to worse outcomes for young people. The exclusion of these offences is also inconsistent with how other offending by young people is dealt with. This inconsistency may contribute to unfair outcomes for young people. Māori are also disproportionately impacted by the exclusion. They are 1.5 times more likely to be prosecuted for offending of this nature.
29. Inclusion of these offences in the youth justice system would improve outcomes for young people and benefit society. This is reinforced by a cost-benefit analysis. The Ministry of Justice therefore recommends that convictable traffic offences not punishable by imprisonment should be included in the youth justice system.

## Status quo

30. New Zealand’s justice system treats young people (and children<sup>1</sup>) differently to adults. With a few exceptions, offenders aged 14-16 are generally dealt with by the youth justice system, while offenders aged 17 are generally dealt with by the adult system.<sup>2</sup> The table below outlines the high level differences in the two systems.<sup>1\*</sup>

	Youth Justice System	Adult Justice System
Police diversion	Warnings Alternative Actions (administered by Police Youth Aid)	Pre-charge Warnings Adult Diversion (administered by Police Prosecution Service)
Pre-court interventions	Intention to Charge Family Group Conferences	N/A
Hearing Court	Youth Court	District/High Court
State-funded support available at hearing	Lay Advocates; Youth Advocates; Forensic Services; Education Officers; Communications Support, nominated persons	Legal Aid (but required to be paid back)
Principles guiding sentencing	General principles set out in section 5 of CYPFA Youth Justice principles set out in section 208 of CYPFA Youth justice sentencing factors, set out in section 284 of CYPFA	Sentencing principles set out in the Sentencing Act 2002 Guiding principles set out in the Parole Act 2002

31. The operation of the adult jurisdiction is based on the premise that adults are fully aware and in control of their actions, and thus should be held directly accountable for them. Adults receive only limited support to navigate formal justice processes.
32. In the youth justice system, by contrast, the treatment of young people is guided by objects and principles set out in the Children, Young Persons and their Families Act 1989.
33. Where young people commit offences, the general objects of the CYPFA are to ensure that:
- they are held accountable, and encouraged to accept responsibility, for their behaviour; and

<sup>1\*</sup> Appendix 1 provides a process map of the youth justice system. Appendix 2 provides volumes and costs of 14 – 16 year-olds in the youth justice system, and 17 year-olds in the adult system.

- they are dealt with in a way that acknowledges their needs and that will give them the opportunity to develop in responsible, beneficial, and socially acceptable ways.
34. This is carried out in the context of youth justice principles, such as:
- unless the public interest requires otherwise, proceedings should not be instituted against a child or young person if there is an alternative means of dealing with the matter;
  - any measures to deal with offending by children or young people should be designed to foster the ability of families, whānau, hapū, iwi, and family groups to develop their own means of dealing with offending by their children and young persons;
  - a child or young person who commits an offence should be kept in the community so far as that is practicable and consonant with the need to ensure the safety of the public;
  - any sanctions imposed on a child or young person should be the least restrictive possible and should promote the development of the child or young person within his or her family, whānau, hapū, and family group;
  - any measures for dealing with offending by a child or young person should so far as it is practicable to do so address the causes underlying the child's or young person's offending;
  - due regard should be given to the interests of the victim.

#### Why are young people treated differently?

35. Separation of children and young people from the adult justice system is based on the premise that the vulnerability and immaturity of younger people means that they need to be treated differently from adult offenders. Research supports this premise.
36. Research shows that the parts of the brain that govern risk-taking behaviour, impulse control, and process long-term consequences are the last to develop. This development is not fully completed until a person reaches their early twenties. Until this development is completed, young people are more likely to engage in activities, including delinquent behaviour, that jeopardises their future well-being.<sup>3</sup>
37. Research into the brain development of young people, and how it affects the behaviour of young people, is borne out by Ministry of Justice data analysis, which shows that offending peaks at 19 years of age. The offending rate then declines as young people mature and stop offending. Our analysis shows that 68-77% of people who have offended by the age of 19 stop reoffending in their twenties.

## How are young people treated differently?

38. In line with the above principles, and consistent with available evidence, the youth justice system diverts young offenders from formal court processes where appropriate. The following table describes the hierarchy of responses available to young people who have committed offences, from most to least diversionary. In all cases Police Youth Aid will be involved in the process.

Warnings	Minor or first time offending by young people can be dealt with by warning via Police Youth Aid. This involves giving a written notice in relation to the warning for the offence to the young person and their parent or guardian.
Alternative Actions	<p>Alternative Actions are developed by Police Youth Aid, in agreement with the young person and their family. The aim of an Alternative Action Plan is to hold the young person accountable for their offending, and to address its underlying causes.</p> <p>Examples of components of Alternative Action Plans include: apologies, community work, maintenance of school attendance, counselling, and reparations, among other things.</p>
Intention to Charge Family Group Conferences	<p>As the seriousness of offending escalates, Police Youth Aid refer the young person to Intention to Charge Family Group Conferences (ITC FGC). This process provides more intensive services to the young person, and will result in a more intensive plan for the youth, developed in conjunction with iwi, whānau/family and community members, Police, youth professionals and, where possible, victims.</p> <p>An ITC FGC can result in charges being filed in Youth Court:</p> <ul style="list-style-type: none"> <li>• if this is agreed at the ITC FGC</li> <li>• if the agreed plan is not completed</li> <li>• if a plan cannot be agreed at the ITC FGC</li> </ul> <p>Note: A Formal Police Caution can only be given as one of the outcomes of a FGC.</p>
Youth Court	<p>A young person can proceed to Youth Court either by being charged initially when apprehended and referred to Youth Aid for the offence, or, following an ITC FGC, as above.</p> <p>The Youth Court operates under different rules to the adult jurisdiction. A key difference is the use of specialist Youth Court Judges and Youth Advocates. Youth Court Judges understand the problems young people face, their different cultures and backgrounds, and are aware of the particular situation of the offender. Young offenders are also assigned court-appointed Youth Advocates when they appear in</p>

	<p>the Youth Court. Youth Advocates are lawyers who have specialist skills and knowledge in dealing with the issues children face.</p> <p>When a case is proved, the Youth Court Judge can sentence the offender to a range of sanctions, including reparations to the victim, fines, requirement to undergo drug and alcohol treatment, supervision orders, and community service. A young person sentenced in the Youth Court does not receive a conviction.</p> <p>Serious cases are referred to the District Court for sentencing when Youth Court responses are inadequate for dealing with the young person.</p> <p>Rangatahi and Pasifika Courts also operate within the jurisdiction of the Youth Court. These judicial initiatives seek to address the disproportionate over-representation of Māori and Pasifika in the youth justice system by providing a more culturally appropriate youth justice process. This includes holding hearings on marae and incorporating te reo Māori, tikanga, and kawa (Māori language, culture, and protocols) as part of the Court process.</p>
District and High Court	<p>Legislative provisions in the CYPFA allow for the most serious offending by young people to be transferred to the adult justice system for trial and sentencing. Young people are automatically transferred to the High Court for murder or manslaughter immediately after their first appearance in the Youth Court. Young people are also automatically transferred to District Court when they elect a jury trial for a category 3 or 4 offence.<sup>4</sup></p> <p>To address serious and repeat offending, the Youth Court also has the discretion to transfer young people, whose charge(s) are proved, to the District or High Courts for sentencing.<sup>5</sup> A young person transferred to an adult court under these circumstances will receive an adult sentence and can be expected to receive a conviction.</p>

### What international evidence supports treating young people this way?

39. Meta-analyses of available research are generally positive. Authors of a Campbell Collaboration meta-analysis concluded that in general, informal processing of young offenders reduces reoffending in comparison to formal processing.<sup>6</sup> The effect size found in the review implies that for every ten young people processed informally, one less will reoffend in comparison to if they were all processed formally.
40. There are also separate studies into each level of processing for young offenders discussed in the following table. The separate studies find a wide range of effect sizes.

Arrest	In a general review of the literature, a 2010 study concluded that <i>'the preponderance of studies found either that arrest [of young offenders] had no effect or increased subsequent delinquency'</i> <sup>7</sup>
Warning vs further proceeding	In a meta-analysis of 13 studies, a 2013 study reported that a simple warning reduces reoffending in comparison to more formal processing for young offenders aged 12-18. The study found that for every 6 young offenders given a warning rather than taken to court, one less would reoffend. <sup>8</sup>
Restorative justice	There is mixed international evidence about the effectiveness of restorative justice in reducing reoffending among young offenders <sup>9</sup> (although there is clear evidence it is effective for adult offenders, and to help victims deal with the impact of offending).
Informal processing with intervention programmes vs court processing	Three reviews of the evidence conclude that informal programmes that provide intervention services reduce reoffending in comparison to court processing. <sup>10</sup> These three reviews found inconsistent evidence about the size of the effect, which likely reflects the diversity of different intervention programmes. The largest effect was found for informal processing with family therapy. <sup>11</sup>
Youth Court vs adult court	In most jurisdictions there is an ability to transfer young offenders out of the juvenile court into the adult system. Two reviews of the evidence show that transferring young offenders into adult courts increases reoffending. <sup>12</sup>

#### What evidence supports treating young people this way in New Zealand?

41. It is imperative that the youth justice system is effective for rangatahi Māori. We recognise that international evidence is derived from jurisdictions that do not fully reflect the New Zealand context in this regard. However, the effectiveness of the Rangatahi Courts (which operate within the jurisdiction of the Youth Court) indicates that treating young people in this way works for rangatahi Māori. Data shows that reoffending rates of young people who attended Rangatahi Courts committed 14% fewer offences and were 11% less likely to commit a new serious offence in the following year than comparable youth. This finding suggests that extending the Youth Court jurisdiction to include 17 year-olds has potential to reduce reoffending among Māori.

#### What makes informal processing effective?

42. In theory, formal processing could potentially reduce reoffending by deterring young offenders by exposing them to a greater risk of punishment.<sup>13</sup> However, the evidence base

on deterrence shows that greater severity of punishment does not tend to reduce offending.<sup>14</sup>

43. That formal processing might instead increase reoffending is consistent with social learning theory, which is a theory of crime with strong empirical support.<sup>15</sup>
44. Social learning theory emphasises how criminal behaviour can steadily increase through positive reinforcement by anti-social peers, which can be more likely to occur if young people are taken through a formal court process that reinforces an anti-social identity and leads young offenders to associate with each other.<sup>16</sup>
45. This phenomena can be seen directly in a quotation from a young offender interviewed about his experience of the youth court in a 2011 study by the Ministry of Justice:

“... when I wait in the waiting room [outside court] it’s normally when I make friends, more friends and those friends are criminals.”<sup>17</sup>
46. That formal processing appears to increase reoffending is also consistent with labelling theory.<sup>18</sup>
47. Several studies have also found that, after controlling for underlying risk, formal sanctions reduce subsequent employment opportunities.<sup>19</sup> Informal processing can therefore help improve subsequent employment, earnings and tax receipt, as well as reducing reoffending.

## Problem Definition

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### Proceeding against 17 year-olds in the adult justice system leads to more reoffending

48. Analysis carried out by the Ministry of Justice supports evidence that the adult justice system is a less effective regulatory framework for 17 year-olds than the youth justice system would be. A matched pairs analysis of 16½ - 17 year olds dealt with in the Youth Court against comparable 17 - 17½ year olds dealt with in an adult court confirms that removing 17 year-olds from the adult system would improve their outcomes. While not without limitations,<sup>20</sup> it shows that those dealt with in the adult system have significantly worse reoffending outcomes than those dealt with by the Youth Court.
49. This matched analysis directly applies to young people dealt with in the Youth Court only, who constitute the most serious young offenders. When combined with international evidence about the greater effectiveness of informal justice processes in reducing reoffending compared to formal processes, such as the Youth Court, an even greater reduction in reoffending among the majority of 17 year-olds who would be diverted from court altogether could be expected.
50. United States evidence suggests, for example, that young people who go through the adult system are 34% more likely to reoffend compared to young people who go through

the youth justice system.<sup>21</sup> This conclusion is reinforced by six large-scale studies in five jurisdictions in the US, which all found a higher recidivism rate among offenders who had been transferred to an adult system compared to those retained in the juvenile system.<sup>22</sup>

51. Based on this analysis, we estimate an average reduction in reoffending of 15%. While we have noted the potential for a greater reduction in reoffending among 17 year-olds diverted from court processes altogether, we consider the matched analysis findings provide the most confidence for the basis of a cost-benefit analysis – given that this analysis is directly related to the New Zealand context.

#### Contact with the formal justice system leads to worse intergenerational outcomes

52. Evidence shows that engagement with the formal justice system perpetuates intergenerational criminal activity. Parental criminal activity is one of the strongest predictors of future engagement with the justice system, above factors such as income or employment status.<sup>23</sup> Parental criminal activity also contributes to worse non-justice related outcomes for children, such as poor educational and employment outcomes.
53. Treasury research demonstrates that of a cohort whose caregiver had served a Department of Corrections sentence before the child was aged five, 17.3% had a CYF youth justice referral and 26.1% received a custodial or community sentence before age 21; compared to 6.9% and 11.3% of those whose caregiver did not, respectively. Furthermore, 67.5% of this cohort did not achieve NCEA level 2 and 74.9% received a benefit (with 26.8% receiving a benefit for more than two years) by age 21, compared to 47.4% and 56.3% of those, whose caregiver did not have a Corrections history before the child was aged 5, respectively.<sup>24</sup>
54. Therefore, reducing formal contact with the justice system by including 17 year-olds in the Youth Court jurisdiction provides significant opportunity to break the cycle of intergenerational crime and its associated poor social outcomes.

#### Proceeding against 17 year-olds in the adult justice system decreases their earning and employment opportunities

55. New Zealand and international evidence shows that receiving a conviction has a negative impact on a young person's future employment opportunities and other life opportunities, which can undermine rehabilitation.
  - Ministry of Justice analysis carried out using the Integrated Data Infrastructure shows differences in employment and mean earnings for those with and without convictions between the ages of 17 and 22, and for those with and without a conviction by age 18. It shows that those with convictions have higher unemployment rates and lower mean earnings than those without convictions.

- A matched analysis – in which pairs of individuals applied for real entry-level jobs – revealed that a criminal record presents a major barrier to employment (with important implications for ethnic disparities).<sup>25</sup>

### Proceeding against 17 year-olds in the adult justice system contributes to Māori over-representation in the justice system

56. Māori 17 year-olds are 3 times more likely than non-Māori to appear in court. Māori, therefore, are disproportionately impacted by age settings if they are not set at the optimal level. Maintaining current age settings is likely to exacerbate ethnic disparities in the justice system, which is partly a consequence of racial bias in the justice system.

### Proceeding against 17 year-olds in the adult justice system stops New Zealand from meeting its international obligations

57. New Zealand has lodged formal reservations on Article 37(c) of the Convention on the Rights of the Child, and Article 10 (2b) & (3) of the International Covenant on Civil and Political Rights. Both relate to age mixing in prisons and the lack of specialised youth facilities for the small number of females in detention who are under 18 years.

## Objectives and assessment criteria

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58. The objective of this Regulatory Impact Statement is to reduce the impact to 17 year-olds and the community that results from how 17 year-olds are dealt with in the justice system.
59. The following criteria, all of which are equally related, are used to inform the assessment:

Criteria	Description
<b>Effectiveness</b> <sup>26</sup>	<ul style="list-style-type: none"> <li>• Does the option punish the young person appropriately?</li> <li>• Does the option rehabilitate offenders and reduce reoffending?</li> <li>• Does the option deter future offending?</li> <li>• Does the option protect citizens from victimisation?</li> <li>• Does the option enable offenders to reintegrate into society?</li> </ul>
<b>Practicality</b>	<ul style="list-style-type: none"> <li>• How easy is the option to implement and work with?</li> </ul>
<b>Value</b>	<ul style="list-style-type: none"> <li>• How cost-effective is the option?</li> </ul>
<b>Equity for Māori</b>	<ul style="list-style-type: none"> <li>• How well does the option reduce disparities between Māori and non- Māori?</li> </ul>
<b>Integrity</b>	<ul style="list-style-type: none"> <li>• How will the option impact public perceptions of the justice system</li> </ul>

60. An effective justice system balances competing public interest concerns. It does this by, on the one hand, being seen to punish offenders – when necessary. On the other hand, it reduces reoffending – thus contributing to increased public safety over the medium to long-term.

## Options analysis

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61. The options in this analysis are restricted to the retention of 17 year-olds in the adult justice system (status quo), and the inclusion of 17 year-olds in the youth justice system.

Criteria	Option 1 – Status quo – retain current age settings that include 17 year-olds in the adult jurisdiction	Option 2 – preferred option – Raise the age of the youth jurisdiction to include 17 year-olds
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>the adult jurisdiction has limited pathways, and the majority of 17 year-olds charged with offences will be tried in court. Contact with formal justice processes is demonstrated to contribute to reoffending. <ul style="list-style-type: none"> <li>however, 17 year-olds who commit low-level offences are eligible to receive pre-charge warnings and diversion, which divert young people from formal justice processes;</li> <li>in 2015, approximately 2,053 cases involving 17 year-olds (40%) received a non-court intervention in response to their offending</li> </ul> </li> <li>adult sentences are primarily punitive. Proved sentences in an adult court for serious offending focus on incarceration and result in a conviction. Sentences for less serious offending are coupled with limited to no support for a 17 year-olds and are also likely to result in a conviction. Receiving a conviction has a negative impact on a young person's future employment opportunities and other life opportunities, which can undermine rehabilitation and reintegration.</li> <li>some adult sentences for serious offending have rehabilitative components. These programmes are not explicitly tailored for young people.</li> <li>the evidence from empirical studies suggests that the threat of imprisonment generates a small general deterrent effect. This effect on 17 year-olds, however, is likely to be even less, as the parts of the brain that govern risk-taking behaviour, impulse control, and process long-term consequences are yet to fully develop.</li> <li>staff working with 17 year olds have less experience in working with young people.</li> </ul>	<ul style="list-style-type: none"> <li>the majority of 17 year-olds who represent a lower risk for further offending will be diverted from formal justice processes, which are demonstrated to contribute to reoffending, reoffending more regularly, and reoffending more violently.</li> <li>17 year-olds will be subject to more intensive interventions, especially Family Group Conferences, designed to reintegrate young people into society, which is demonstrated to reduce reoffending.</li> </ul>
<b>Practicality</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>limited practicality issues, as option replicates existing settings already familiar to operational agencies.</li> <li>Police and the Ministry for Vulnerable Children will be most affected by increased volumes and would need to be adequately resourced to work with this additional group.</li> <li>the primary operational implication relates to custodial placements for 17 year-olds who present the most complex cases; however, existing facilities are expected to be able to manage them, based on the following assumptions: <ul style="list-style-type: none"> <li>as the new Oranga Tamariki operating model is embedded, new community-based remand options will reduce the existing pressure on youth justice residences;</li> <li>as pressure on youth justice residences is removed, more space will be available to manage an increase in young people receiving custodial sentences;</li> <li>as remand-based pressure on the residences reduces, they can be assessed to identify how they can best meet the needs of young people receiving custodial sentences , including 17 year-olds who may present more complex cases; and</li> <li>implementation of the age change will be phased to allow time for the above to have bedded in enough to manage the transition.</li> </ul> </li> <li>extensive consequential legislative amendments are likely, which may lead to unforeseen operational implications.<sup>27</sup></li> </ul>
<b>Value</b> (see appendix 3 for more detail)	<ul style="list-style-type: none"> <li>net-benefit of option to include 17 year-olds in youth justice system foregone</li> </ul>	<ol style="list-style-type: none"> <li>using a 3% discount rate, the net present value of including 17 year-olds in the youth justice system, over 30 years, is \$28.1 – 68.6 million, with a benefit cost ratio of 1.58 – 2.41 and average return on investment of 1.99.</li> <li>Using Treasury's default 7% discount rate, the net present value of including 17 year-olds in the youth justice system, over 30 years, is \$6.6 – 36.3 million, with a benefit cost ratio of 1.14 – 1.74 and average return on investment of 1.44.</li> </ol> <ul style="list-style-type: none"> <li>benefits have been calculated in the following areas: <ul style="list-style-type: none"> <li>crime-related cost savings to the public sector;</li> <li>increased employment among, and greater earnings by, 17 year-olds (not including tax revenue);</li> <li>increased tax revenue due to increased employment and earnings among 17 year-olds;</li> <li>reduced welfare liability;</li> </ul> </li> </ul>

Criteria	Option 1 – Status quo – retain current age settings that include 17 year-olds in the adult jurisdiction	Option 2 – preferred option – Raise the age of the youth jurisdiction to include 17 year-olds
		<ul style="list-style-type: none"> <li>• crime-related cost savings to private sector</li> <li>• benefits would begin to accrue 7 years following a change in the age of the youth jurisdiction; that is, from 2026 (assuming a 2019 implementation date) onwards, annual benefits accrued would be greater than costs during the same year, with benefits increasing each following year. A cumulative net benefit would emerge 18 years after the age change (2037), with significant benefit accruing from that point on.</li> </ul>
<b>Equity for Māori</b>	<ul style="list-style-type: none"> <li>• this option, on its own: <ul style="list-style-type: none"> <li>• will not contribute to reducing ethnic disparities in the justice system;</li> <li>• will help to perpetuate poor intergenerational outcomes for Māori</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Māori are significantly over-represented in the justice system, and are estimated to account for almost 50% of 17 year-olds dealt with in the adult justice system. Māori 17 year-olds are 3 times more likely than non-Māori to appear in court. The net effect of these differences, assuming a comparable reduction in reoffending for Māori as non-Māori, is that: <ul style="list-style-type: none"> <li>• net lifetime crime-related public sector benefits per Māori offender will be 2.1 times higher than the benefit per non-Māori offender; and</li> <li>• net lifetime crime-related private sector benefits per Māori offender will be 2.3 times higher than the benefit per non-Māori offender.</li> </ul> </li> <li>• including 17 year-olds will also allow for the Rangatahi and Pasifika Youth Courts initiative to be made available to a wider range of young people. The success of Rangatahi and Pasifika Courts has attracted significant overseas interest as a concrete response, in particular, to the overrepresentation of Māori in the youth justice system. The courts received the 2015 Award for Excellence in Judicial Administration from the Australasian Institute of Judicial Administration.</li> <li>• evidence shows that, in addition to the 15% reduction in reoffending estimated to result from removing 17 year-olds from the adult system, young people who attend Rangatahi or Pasifika courts: <ul style="list-style-type: none"> <li>• are 15% less likely to reoffend over the following 12 months period than comparable youth;</li> <li>• commit 14% fewer offences per young person (if they do reoffend); and</li> <li>• are 11% less likely to commit a new serious offence within the next year than comparable youth.</li> </ul> </li> <li>• the youth justice system has more flexibility to work communities to ensure that the services are culturally appropriate. The new operating model for the new Ministry includes specific co-design of new options to strengthen the cultural relevancy of youth justice services.</li> </ul>
<b>Integrity</b>	<ul style="list-style-type: none"> <li>• not including 17 year-olds in the youth justice system may undermine the integrity of the justice system if people consider 17 year-olds are treated unfairly.</li> <li>• considering the positive impact including 17 year-olds would have on Rangatahi Māori, not including them may contribute to ongoing ethnic disparities in the justice system.</li> <li>• not including 17 year-olds will result in the Care and Protection age and the youth justice age being misaligned: <ul style="list-style-type: none"> <li>• this may undermine the objectives of the care and protection services that 17 year-olds in the justice system receive;</li> <li>• service mismatches, and a consequent increased administrative burden, may erode resources.</li> </ul> </li> <li>• not addressing New Zealand’s reservations on the United Nations Convention on the Rights of the Child, and Article 10 (2b) &amp; (3) of the International Covenant on Civil and Political Rights, and maintaining New Zealand’s divergence from international norms, may undermine the reputation of New Zealand’s justice system internationally.</li> </ul>	<ul style="list-style-type: none"> <li>• Including 17 year-olds in the youth jurisdiction may undermine the integrity the justice system if serious recidivist offending by 17 year-olds does not receive punitive sentences. It may contribute to the perception by some members of the public that the youth justice system is “soft” on serious recidivist young offenders.</li> </ul>

## Dealing with serious recidivist young offenders in the youth justice system

### Problem definition

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62. There is a public perception that the youth justice system, when dealing with serious recidivist offending, de-emphasises the punishment and deterrence components of an effective justice system, in favour of rehabilitation and reintegration components that are ultimately ineffective (as evidenced by a young person's offending history), and that this puts public safety at risk.
63. Serious offending, in this context, is defined as the commission of an offence with a maximum penalty of at least 14 years imprisonment, carried out by any young person (14 – 17 years-old).<sup>2</sup> We consider alleged offending at this level captures an appropriate level of seriousness to address public concerns. Predominantly, offences carried out at this level are aggravated robbery, but also include attempted murder, sexual offences and wounding with intent to cause grievous bodily harm.
64. Public confidence in the justice system is integral to its effective operation. Public perceptions about the operation of the justice system can impact on the public's confidence in it. In this context, addressing concerns that arise from the public's perception of a proposal are fundamentally important.

### Objective

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65. The objective of this additional analysis is to consider changes to the current legislative framework to ensure that the public continues to have confidence in the operation of the justice system. It aims to do this by considering options that respond to serious recidivist offending in the youth justice system. Options are considered in the context of achieving the appropriate balance between the different components of an effective justice system (i.e. punishment, incarceration, deterrence, rehabilitation, and reintegration).

### Criteria

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66. The criteria used to inform assessment are the similar to those used in the previous options analysis. All criteria are equally weighted.

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<sup>2</sup> Other offences at this level include: kidnapping; aggravated wounding; rape; unlawful sexual connection; production, distribution and manufacture of Class A drugs; blackmail.

Criteria	Description
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>• Does the option punish the young person appropriately?</li> <li>• Does the option rehabilitate offenders and reduce reoffending?</li> <li>• Does the option deter future offending?</li> <li>• Does the option protect citizens from victimisation?</li> <li>• Does the option enable offenders to reintegrate into society?</li> </ul>
<b>Practicality</b>	<ul style="list-style-type: none"> <li>• How easy is the option to implement and work with?</li> </ul>
<b>Value</b>	<ul style="list-style-type: none"> <li>• How cost-effective is the option?</li> </ul>
<b>Equity for Māori</b>	<ul style="list-style-type: none"> <li>• How well does the option reduce disparities between Māori and non-Māori?</li> </ul>
<b>Integrity</b>	<ul style="list-style-type: none"> <li>• How will the option affect the operation of the justice system?</li> <li>• How does the option align with established youth justice principles?</li> </ul>

## Options analysis

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67. The following options applying to all young people in the justice system, are assessed:

- |                  |                                                                                                                                                                                                                                                               |                                                       |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| <b>Option 1</b>  | all 17 year-olds included in youth justice system under existing youth justice settings;                                                                                                                                                                      | <b>This is the Ministry's most preferred option</b>   |
| <b>Option 2A</b> | young people charged with serious offences are transferred to an adult court for trial upon first appearance in the Youth Court (treated the same as charges of murder or manslaughter);                                                                      |                                                       |
| <b>Option 2B</b> | young people charged with serious offences, who also have a previous serious proved offence, transferred to an adult court for trial upon first appearance in the Youth Court;                                                                                |                                                       |
| <b>Option 3A</b> | young people proved of a serious offence in the Youth Court subject to mandatory transfer to adult court for sentencing;                                                                                                                                      |                                                       |
| <b>Option 3B</b> | young people proved of a serious offence in the Youth Court, with a previous serious proved offence, subject to mandatory transfer to adult court for sentencing;                                                                                             |                                                       |
| <b>Option 4</b>  | existing Youth Court discretion to transfer young people proved of serious offences to an adult court for sentencing amended, to provide more emphasis on considering previous offending and the impact on the victim, than on other existing considerations. | <b>This is the Ministry's second preferred option</b> |

**Effectiveness assessment** *Punishment; Rehabilitation; Deterrence; Incarceration; Reintegration*

Option 1 – preferred option	Option 2A	Option 2B
All 17 year-olds included in youth justice system under existing youth justice settings	Young people charged with serious offences are transferred to an adult court for trial upon first appearance in the Youth Court (treated the same as charges of murder or manslaughter)	Young people charged with serious offences, who also have a previous serious offence proved, transferred to an adult court for trial upon first appearance in the Youth Court
<ul style="list-style-type: none"> <li>the most serious young offenders can be transferred to the District Court for sentencing where adult sentencing is a more appropriate response to the young person’s offending (in particular when it is clear that incarceration in an adult facility is necessary for public safety);</li> <li>split sentencing options already available in the youth justice system which, considering rules around parole and home detention in the adult system, generally result in more intensive sentences in the youth justice system (unless incarceration in an adult facility is necessary for public safety).</li> <li>when incarceration is not necessary (and transfer to District Court for sentencing is not appropriate), the Youth Court provides more effective rehabilitation and reintegration, not least because of the length and intensity of interventions the Youth Court can impose.</li> <li>aligns with evidence that transfer to an adult court for sentencing should be based on a complex and nuanced evaluation of the case, offender and justice system capabilities, and should only be used if it is the next step following graduated interventions.</li> <li>would maximise the reduction in reoffending that the youth justice system generates over the adult system, and thus increase public safety over time, but potentially at expense of some level of public confidence.</li> </ul>	<ul style="list-style-type: none"> <li>the evidence from empirical studies suggests that, in the justice system generally, the threat of imprisonment generates a small general deterrent effect. This effect on young people, however, is likely to be even less, as the parts of the brain that govern risk-taking behaviour, impulse control, and process long-term consequences are the yet to fully develop.</li> <li>younger offenders interacting with older offenders when placed in the adult justice system increases the risk of their reoffending.</li> <li>rehabilitation and reintegration components of the Youth Court (court services and sentencing options) will be undermined by the removal of the young person from FGCs and an environment that encourages young people to accept responsibility for their actions and more fully appreciate the impact of their offending on the community (while also fostering the involvement of victims in the process).</li> <li>District Court sentences will result for all young people charged with a serious offence, which are generally more punitive in nature than Youth Court sentences (for example, young people will receive a conviction, and sentence options primarily focus on incarceration). This is likely to increase re-offending rates post sentence.</li> </ul>	<ul style="list-style-type: none"> <li>similar for option 2A, however, punitive sentences will be better targeted at serious recidivist offenders.</li> </ul>
Option 3A	Option 3B	Option 4
Young people proved of a serious offence in the Youth Court subject to mandatory transfer to adult court for sentencing	Young people proved of a serious offence in the Youth Court, with a previous serious offence proved, subject to mandatory transfer to adult court for sentencing	Existing Youth Court discretion to transfer young people proved of serious offences to an adult court for sentencing amended, to provide more emphasis on considering previous offending and the impact on the victim, than on other existing considerations
<ul style="list-style-type: none"> <li>(as with options 2A and 2B) the evidence from empirical studies suggests that, in the justice system generally, the threat of imprisonment generates a small general deterrent effect. This effect on young people, however, is likely to be smaller as in young people parts of the brain that govern risk-taking behaviour, impulse control, and process long-term consequences are the last to develop.</li> <li>while rehabilitation and reintegration components of Youth Court services will remain, their effect will be undermined by mandatory transfer to adult court for sentencing, as usually these components play a key role in a judge’s decision-making around sentencing.</li> <li>(as with option 2A) District Court sentences will result for all young people charged with a serious offence, which are generally more punitive in nature than Youth Court sentences (for example, young people will receive a conviction, and sentence options primarily focus on incarceration).</li> </ul>	<ul style="list-style-type: none"> <li>similar for option 3A, however, punitive sentences will be better targeted at serious recidivist offenders.</li> </ul>	<ul style="list-style-type: none"> <li>punitive responses available, including incarceration in an adult facility when necessary for public safety.</li> <li>greater emphasis on previous offending and impact on victims, over more rehabilitative matters, is likely to lead to more serious recidivist young offenders being sentenced in an adult court.</li> <li>remains aligned with evidence that transfer to an adult court for sentencing should be based on a complex and nuanced evaluation of the case, offender and justice system capabilities, and should only be used if it is the next step following graduated interventions.</li> <li>may result in some young offenders being sentenced in an adult court when they would actually respond better to Youth Court services.</li> <li>would generate second largest reduction in reoffending (after option 1), and consequent public safety benefit, due to greater effectiveness of youth justice system compared to adult system, but would mitigate loss of public confidence option 1 may generate.</li> </ul>

	<b>Option 1</b>	<b>Option 2A</b>	<b>Option2B</b>	<b>Option 3A</b>	<b>Option 3B</b>	<b>Option 4</b>
<b>Criteria</b>	All 17 year-olds included in youth justice system under existing youth justice settings	Young people charged with serious offences are transferred to an adult court for trial upon first appearance in the Youth Court (treated the same as charges of murder or manslaughter)	Young people charged with serious offences, who also have a previous serious offence proved, transferred to an adult court for trial upon first appearance in the Youth Court	Young people proved of a serious offence in the Youth Court subject to mandatory transfer to adult court for sentencing	Young people proved of a serious offence in the Youth Court, with a previous serious offence proved, subject to mandatory transfer to adult court for sentencing	Existing Youth Court discretion to transfer young people proved of serious offences to an adult court for sentencing amended, to provide more emphasis on considering previous offending and the impact on the victim
<b>Practicality</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>discrete legislative change necessary, and limited implementation and practicality issues – a similar provision (relating to young people charged with murder or manslaughter) already exists.</li> <li>likely to create practical issues if charges reduced during court process.</li> </ul>	<ul style="list-style-type: none"> <li>as with option 2A, but legislative provisions would be more complex, and would add additional complexity to an already complex statute.</li> <li>the use of previous “proved” offences as a criteria may incentivise more adversarial approaches in the youth justice system – which it is designed to avoid – as young people seek to avoid a proven offence.</li> </ul>	<ul style="list-style-type: none"> <li>legislative change necessary – but mandatory nature of rule relatively easy to work with.</li> <li>likely to create questions around use of (mandatory) court-ordered FGCs, considering the key role they are designed to have in sentencing decisions.</li> </ul>	<ul style="list-style-type: none"> <li>as with 3A, but legislative provisions would be more complex, and would add additional complexity to an already complex statute.</li> </ul>	<ul style="list-style-type: none"> <li>remains aligned with current operation of transfer provisions, but may make reaching a decision easier for judges, and decisions relating to serious recidivist offenders more consistent, due to increased emphasis on a more limited range of criteria.</li> </ul>
<b>Value</b>	<ul style="list-style-type: none"> <li>cost-neutral</li> </ul>	<ul style="list-style-type: none"> <li>likely to have the second greatest negative impact on value. While there will be initial cost-savings due to the reduced consumption of Youth Court services, over the long term these will be significantly outweighed by the benefits of a foregone reduction in reoffending among this cohort, which is likely to apply especially to first-time offenders</li> <li>Youth Court cost-savings mean this option is likely to have less negative impact on value compared to option 3A</li> </ul>	<ul style="list-style-type: none"> <li>as with 2A, but the long-term dis-benefit will be significantly reduced due to the removal of first-time offenders from the transfer.</li> </ul>	<ul style="list-style-type: none"> <li>likely to have the greatest negative impact on value, due to the limited influence rehabilitative and reintegrating processes during Youth Court will have on Youth Court outcomes</li> <li>due to retention of youth court processes with limited influence, their value will be undermined.</li> </ul>	<ul style="list-style-type: none"> <li>better value than 3A, due to removal of first-time offenders from the transfer.</li> <li>less value than 2A, due to retention of Youth Court services which will generate limited long-term benefit due to their limited influence on Youth Court outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>cost-impact uncertain, but limited – depends on extent to which judges’ decisions to transfer is more or less closely aligned with the identification of cases where the sanctions available in Youth Court are clearly inadequate (and therefore will not generate long-term benefit).</li> </ul>

	<b>Option 1</b>	<b>Option 2A</b>	<b>Option2B</b>	<b>Option 3A</b>	<b>Option 3B</b>	<b>Option 4</b>
<b>Criteria</b>	All 17 year-olds included in youth justice system under existing youth justice settings	Young people charged with serious offences are transferred to an adult court for trial upon first appearance in the Youth Court (treated the same as charges of murder or manslaughter)	Young people charged with serious offences, who also have a previous serious offence proved, transferred to an adult court for trial upon first appearance in the Youth	Young people proved of a serious offence in the Youth Court subject to mandatory transfer to adult court for sentencing	Young people proved of a serious offence in the Youth Court, with a previous serious offence proved, subject to mandatory transfer to adult court for sentencing	Existing Youth Court discretion to transfer young people proved of serious offences to an adult court for sentencing amended, to provide more emphasis on considering previous offending and the impact on the victim
<b>Equity for Māori</b>	<ul style="list-style-type: none"> <li>maintaining existing settings will remove the greatest number of Māori from eligibility for adult court sentences, and so will have the greatest benefit for Maori from the perspective that the adult sentences cause more harm than youth sentences.</li> <li>under this option, 132 17 year-olds and 30 14 – 16 year-olds are estimated to be dealt with or sentenced in an adult court. Of these young people, 108 (61%) are estimated to be Māori.</li> </ul> <p>(The equity assessment of the other options are assessed in the context of how many <i>additional</i> young people/ Māori are estimated to be sentenced in an adult court).</p>	<ul style="list-style-type: none"> <li>this option will have the greatest absolute negative impact on Māori – of 360 cases that would be transferred (using 2015 data), 227 (63%) are estimated to be Māori</li> </ul>	<ul style="list-style-type: none"> <li>of 135 cases that would be transferred, 89 (66%) are estimated to be Māori</li> </ul>	<ul style="list-style-type: none"> <li>of 219 proved cases transferred, 136 (62%) are estimated to be Māori.</li> </ul>	<ul style="list-style-type: none"> <li>of 79 proved cases transferred, 49 (62%) are estimated to be Māori.</li> </ul>	<ul style="list-style-type: none"> <li>of an estimated range of between 11 – 79 proved cases transferred, 11 – 49 (100% - 62%) are estimated to be Māori.</li> <li>this option is likely to have the greatest relative negative impact on Māori when compared to its impact on non- Māori; however, this is a function of the low-numbers of 17 year-olds likely to be captured by this setting.</li> <li>in absolute terms, other than the status quo, this option will have the least impact on Māori, due to the lower number of 17 year-olds captured by it.</li> </ul>
<b>Integrity</b>	<ul style="list-style-type: none"> <li>minimal potential of misalignment with Care and Protection age settings.</li> <li>most aligned with existing youth justice principles.</li> </ul>	<ul style="list-style-type: none"> <li>greatest potential of misalignment with Care and Protection age settings.</li> <li>greatest misalignment with existing youth justice principles – prioritises escalation without consideration of rehabilitative and reintegration responses.</li> </ul>	<ul style="list-style-type: none"> <li>mitigates misalignment of option 2A through introduction of previous offending factor.</li> <li>reduces misalignment with Care and Protection settings by reducing the number of young people captured by settings.</li> </ul>	<ul style="list-style-type: none"> <li>as with 2A.</li> </ul>	<ul style="list-style-type: none"> <li>as with 2B.</li> </ul>	<ul style="list-style-type: none"> <li>limited impact on integrity, retention of judicial discretion allows judges decisions to continue to be informed by principles.</li> </ul>

## Dealing with young people apprehended for convictable traffic offences not punishable by imprisonment

### Status quo

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Traffic offences not punishable by imprisonment are currently excluded from the jurisdiction of the Youth Court

68. Section 272(3)(c) of the CYPFA excludes from the Youth Court’s jurisdiction any young person charged with a convictable traffic offence<sup>28</sup> not punishable by imprisonment.<sup>29</sup> These offences are Category 1 traffic offences<sup>30</sup>, and can result in a conviction.
69. In 2015, 163 14-16 year olds and 347 17 year olds were either charged only with, or had as their most serious offence, a Category 1 traffic offence (510 charges laid in total). As with broader crime volumes, the volumes for Category 1 traffic offences have been reducing over time.<sup>31</sup>
70. Two offences make up the majority of Category 1 traffic offences that are charged and prosecuted. Of the 510 charges in 2015, 271 charges were for “Unlicensed Driver Failed To Comply With Prohibition” and 177 were for “Careless Driving”. Volumes for these offences have also been decreasing over the past five years.<sup>32</sup>
71. The process for these offences begins with the filing of formal charges at a District Court. Once filed, the hearing proceeds according to the provisions of the Procedure Act 2011 relating to Category 1 offending.
72. If the prosecution proves the commission of a Category 1 traffic offence, or the defendant accepts responsibility, the District Court has a range of options available for sentencing as per the Sentencing Act 2002. Broadly, these are:
  - discharge without conviction;
  - conviction and discharge;
  - conviction and ordering the offender to come up for sentencing at a later date if called on; and
  - convicting and sentencing the defendant to pay a fine.
73. The hearing process ends once the Court sentences the young person.

Exclusion of convictable traffic offences not punishable by imprisonment from the jurisdiction of the Youth Court is inconsistent with youth justice principles

74. Receiving a conviction for such low-level offending is also contrary to the principles of youth justice as set out in the CYPFA, in particular:

- unless the public interest requires otherwise, proceedings should not be instituted against a child or young person if there is an alternative means of dealing with the matter;
- any measures to deal with offending by children or young people should be designed to foster the ability of families, whānau, hapū, iwi, and family groups to develop their own means of dealing with offending by their children and young people;
- any sanctions imposed on a child or young person should be the least restrictive possible and should promote the development of the child or young person within his or her family, whānau, hapū, and family group; and
- any measures for dealing with offending by a child or young person should, so far as it is practicable to do so, address the causes underlying the child's or young person's offending.

## Problem definition

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75. Proceeding against young people apprehended for convictable traffic offences not punishable by imprisonment in the adult justice system shares the following aspects of the problem definition set out for proceeding against 17 year-olds generally in the adult system (see paragraphs 29 – 32).
76. Proceeding against young people in the adult justice system:
- leads to more reoffending;
  - decreases their earning and employment opportunities; and
  - contributes to Māori over-representation in the justice system.<sup>33</sup>
77. Furthermore, proceeding against young people apprehended for convictable traffic offences not punishable by imprisonment in the adult justice system is inconsistent when compared to other offending carried out by young people. This can lead to what can be considered unfair outcomes for those young people, particularly when the other offending is more serious, imprisonable, traffic offences.
78. This inconsistency, and potential for unfair outcomes, is further highlighted by the circumstances when convictable traffic offences not punishable by imprisonment *are* dealt with in the Youth Court. These charges may be heard in the Youth Court where a young person is also charged with an offence that falls within the Youth Court's jurisdiction, both offences arise out of the same series of events, and the court considers it desirable or convenient that the charges be heard together (section 272(5) CYPF Act).

## Objective

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79. The objective of the following analysis is to reduce the impact to young people that results from the treatment of convictable traffic offences not punishable by imprisonment in the justice system.

## Criteria

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80. The criteria used to inform assessment are the same as the previous options analysis. All criteria are equally weighted.

Criteria	Description
<b>Effectiveness</b>	<ul style="list-style-type: none"><li>• Does the option punish the young person appropriately?</li><li>• Does the option rehabilitate offenders and reduce reoffending?</li><li>• Does the option deter future offending?</li><li>• Does the option protect citizens from victimisation?</li><li>• Does the option enable offenders to reintegrate into society?</li></ul>
<b>Practicality</b>	<ul style="list-style-type: none"><li>• How easy is the option to implement and work with?</li></ul>
<b>Value</b>	<ul style="list-style-type: none"><li>• How cost-effective is the option?</li></ul>
<b>Equity for Māori</b>	<ul style="list-style-type: none"><li>• How well does the option reduce disparities between Māori and non- Māori?</li></ul>
<b>Integrity</b>	<ul style="list-style-type: none"><li>• How will the option affect the operation of the justice system?</li><li>• How does the option align with established youth justice principles?</li></ul>

## Options analysis

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81. The options in this analysis are restricted to the retention of convictable traffic offences not punishable by imprisonment in the adult jurisdiction (status quo) and the inclusion of convictable traffic offences not punishable by imprisonment in the youth justice system. As noted in the disclosure statement, traffic infringements are not being considered in these options.

Criteria	Retain in adult system (status quo)	Include in youth justice system – preferred option
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>receiving a conviction is a clear punishment, but the negative impact it generates (e.g. impact on employment opportunities) is disproportionate to the offence.</li> <li>there is little evidence that receiving a conviction acts as an effective deterrent to offending, especially for young people whose lack of brain maturity means that their ability to appreciate the consequences of their actions is not fully developed.</li> <li>specialist youth services that assist rehabilitation are not available, and the impact of receiving a conviction acts as a negative influence on reintegration (e.g. impact of unemployment).</li> </ul>	<ul style="list-style-type: none"> <li>diversion from formal processes will result in punishment being de-emphasised; punishment components will remain an option, but level of punishment will be more closely aligned with level of offending (e.g. fines and reparations).</li> <li>a 15% reduction in reoffending is assumed, based on a matched analysis of young people processed in adult and Youth Courts respectively, and international evidence.</li> <li>processing by Police Youth Aid will mean young people will be responded to in a manner that connects with the offending, and reintegrates young person into community structures. Evidence show that these approaches are more effective at reducing reoffending than receiving a conviction.</li> </ul>
<b>Practicality</b>	<ul style="list-style-type: none"> <li>limited to no practicality issues.</li> </ul>	<ul style="list-style-type: none"> <li>existing pathways and processes sufficient, but Police may need to develop training modules, and update IT applications, operational manuals and guidelines</li> </ul>
<b>Value</b> (see appendix 3 for more detail)	<ul style="list-style-type: none"> <li>opportunity costs associated with reoffending remaining at status quo levels: <ul style="list-style-type: none"> <li>foregone cost savings associated with costs of offending to communities, victims and the justice system;</li> <li>reduced earning opportunities for young people with convictions (and increase in associated tax revenue); and</li> <li>increased benefit drawdown (and potential benefit-dependency).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>a cost-benefit analysis shows that including non-imprisonable traffic offences in the youth justice system will generate a net benefit to society: <ul style="list-style-type: none"> <li>using a 3% discount rate, the net present value of including convictable traffic offences not punishable by imprisonment in the youth justice system is \$5.2 – 8.5 million, with a benefit cost ratio of 8.4– 13.3 and average return on investment of 10.8.</li> <li>using Treasury’s default 7% discount rate, the net present value of including convictable traffic offences not punishable by imprisonment in the youth justice system is \$3.5 – 6.0 million, with a benefit cost ratio of 6 – 9.6 and average return on investment of 7.8.</li> </ul> </li> <li>new costs for Police will be offset by savings to courts and long term justice sector benefits from reduced reoffending</li> <li>removal of conviction as punishment increases employment and earning potential of young people, and public revenue through taxation</li> <li>decreased likelihood of reoffending reduces costs of offending to communities and victims</li> </ul>
<b>Equity for Māori</b>	<ul style="list-style-type: none"> <li>Māori are more 1.5 times more likely to be prosecuted for convictable traffic offences, even though New Zealand Europeans and Other Ethnicities receive the majority of charges.</li> </ul>	<ul style="list-style-type: none"> <li>equity for Māori will be improved as disproportionately more Māori than non-Māori will benefit from a reduction in prosecutions</li> </ul>
<b>Integrity</b>	<ul style="list-style-type: none"> <li>the status quo is inconsistent in its treatment of serious and low-level traffic offences. This inconsistency risks undermining the integrity of the justice system.</li> <li>young people appearing in the adult court are not allocated a Youth Advocate or Lay Advocate, and are likely to not receive funding for legal aid, which hinders the young person’s participation in the justice system.</li> <li>over-representation likely to contribute to ongoing ethnic disparities in the justice system.</li> </ul>	<ul style="list-style-type: none"> <li>increases the integrity of the justice system by ensuring that serious and non-serious traffic offences are dealt with in the same manner.</li> <li>in the unlikely event that young people are heard in court for these offences, they can be allocated a youth advocate and lay advocate, facilitating the young person’s participation in the youth justice system</li> <li>will provide greater alignment between the way young Māori are treated in the justice system and the principles of the Treaty of Waitangi.</li> </ul>

## Consultation

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82. The following government agencies have been consulted during the development of this RIS: The Ministries of Social Development, Health, Education, Transport, and Pacific Peoples, the Department of Corrections, the New Zealand Police, Te Puni Kōkiri, the State Services Commission, and the Treasury.

## Conclusions and recommendations

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### *The Ministry recommends including 17 year-olds in the youth justice system*

83. The Ministry of Justice recommends including all 17 year-olds in the youth jurisdiction. Given the level of evidence that indicates the negative impact adult and formal processing has on young people (through contributing to further and increased reoffending, the impact a conviction has on a young person's future opportunities, and its contribution to intergenerational crime) and the latest research on brain development, it is clear that the youth justice system provides a more effective regulatory system in helping young offenders transition into responsible adulthood.
84. A cost-benefit analysis also indicates that including 17 year-olds will have a long-term net benefit to society. Using a 3% discount rate, the net present value of including 17 year-olds in the youth justice system, over 30 years, is \$28.1 – 68.6 million, with a benefit cost ratio of 1.58 – 2.41 and average return on investment of 1.99. Using Treasury's default 7% discount rate, the net present value of including 17 year-olds in the youth justice system, over 30 years, is \$6.6 – 36.3 million, with a benefit cost ratio of 1.14 – 1.74 and average return on investment of 1.44.
85. A sensitivity analysis, using a 10% reduction in reoffending instead of a 15% reduction in reoffending, has also been carried out. This shows that, using a 3% discount rate, the net present value of including 17 year-olds in the youth justice system is \$10.4 – 42.3 million, with a benefit cost ratio of 1.21 – 1.87 and average return on investment of 1.54. Using Treasury's default 7% discount rate, based on a 10% reduction in reoffending, the net present value of including 17 year-olds in the youth justice system is \$-6.6 – 15.9 million, with a benefit cost ratio of 0.86 – 1.33 and average return on investment of 1.09.
86. This conclusion is especially noteworthy considering the large majority of offending by young people is at a level that does not present a serious risk to public safety. Emphasising diversion from formal justice processes, in this context, generates significant benefit for the young person without jeopardising public safety. Considering 68-77% of people who have offended by the age of 19 will stop reoffending in their twenties, punitive sentences that will impact 17 year-olds long past when they stop offending are counter-productive.

87. We also consider it is in New Zealand's interests to align the definition of a child or young person with the definition of a child in the United Nations Convention on the Rights of the Child to which New Zealand is a party. Including 17 year-olds in the youth justice system will do this. In particular, New Zealand has lodged formal reservations on Article 37(c) of the Convention on the Rights of the Child, and Article 10 (2b) & (3) of the International Covenant on Civil and Political Rights. Both reservations relate to age mixing in prisons and the lack of specialised youth facilities for the small number of females in detention who are under 18 years. Including 17 year-olds in the youth jurisdiction would mean that females under 18 would be held in youth justice facilities rather than prisons. This will help address the criticisms from the United Nations that New Zealand has not taken sufficient steps to enable the reservations to be removed. We consider including 17 year-olds in the youth justice system will contribute significantly to these reservations being removed.
88. We recognise that some 17 year-olds can represent a serious risk to public safety, but note that existing Youth Court sentencing provisions, especially transfer to an adult court for sentencing under section 283(o), are available to manage these young people and, if necessary, incarcerate them into their adulthood.

#### *Dealing with serious recidivist young offenders in the youth justice system*

89. We also recognise, however, that there are some concerns that young serious offenders for whom an adult sentence might be perceived to be more appropriate are not currently transferred. Because of this perception, it may be that including 17 year-olds in the youth justice system may undermine public confidence in the operation of the justice system. Nevertheless this view is not held by all people, particularly those working in the youth justice system and victims who are involved in FGC processes.
90. In the context of including all 17 year-olds in the youth justice system, however, we are comfortable with the option amending the existing Youth Court discretion to transfer young people proved of serious offences to an adult court (option 4). We consider that emphasising sentencing factors that reflect public concern would engender greater public confidence that including 17 year-olds in the youth justice system, especially those proved of serious offences, will not undermine public safety. As judicial discretion is ultimately retained under this option, we consider that any risk of young people being inappropriately dealt with in an adult court is adequately mitigated.
91. We are unable to carry out a detailed cost-benefit analysis of the options we assessed for strengthening Youth Court sentencing provisions as they relate to serious recidivist young offenders. We note, however, the most significant benefit of the proposal to include 17 year-olds accrues from:
- 17 year-olds not receiving a conviction, and who would not otherwise have reoffended anyway; and

- reduction in the reoffending for young people carrying out low to mid-level offences.
92. For serious recidivist offenders (a very small number of young offenders which the secondary proposal is intended to capture) this reduction is likely to be marginal - as this type of offender is more likely to be a life-time persistent offender (noting that the 15% reduction in reoffending is an average across the cohort of 17 year-olds, and is likely to be lower for this group).
93. Additional decisions relating to serious 17 year-old offenders are dealt with in an addendum to this RIS.

*The Ministry also recommends including convictable traffic offences not punishable by imprisonment in the youth justice system*

94. The Ministry considers that all traffic offences that can result in a conviction should be included in the jurisdiction of the youth justice system. There is no clear or convincing justification for the exclusion of these offences from the jurisdiction of the Youth Court. Without such justification, the integrity of the justice system is likely to be negatively affected. Furthermore, including these offences in the youth justice system will generate a net benefit to society.
95. A cost-benefit analysis also indicates that including these offences will have a long-term net benefit to society. Using a 3% discount rate, the net present value of including convictable traffic offences not punishable by imprisonment in the youth justice system is \$5.2 – 8.5 million, with a benefit cost ratio of 8.4– 13.3 and average return on investment of 10.8. Using Treasury’s default 7% discount rate, the net present value of including convictable traffic offences not punishable by imprisonment in the youth justice system is \$3.5 – 6.0 million, with a benefit cost ratio of 6 – 9.6 and average return on investment of 7.8.

*Including both 17 year-olds and traffic offences not punishable by imprisonment would deliver the greatest net-benefit to society*

96. The greatest societal benefit would be generated by agreeing to both these proposals. Using a 3% discount rate, the net present value of including both 17 year-olds and convictable traffic offences not punishable by imprisonment in the youth justice system is \$33.3 – 77.1 million, with a benefit cost ratio of 1.67 – 2.56 and average return on investment of 2.12. Using Treasury’s default 7% discount rate, the net present value of including 17 year-olds and convictable traffic offences not punishable by imprisonment in the youth justice system is \$10.1 – 42.3 million, with a benefit cost ratio of 1.2 – 1.86 and average return on investment of 1.53.

## Implementation plan

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### *Legislative implementation*

97. Implementing a decision to include 17 year-olds in the youth justice system will require amendments to the CYPFA. It will also require a range of consequential amendments across the statute book.
98. The proposal to amend the existing Youth Court discretion to transfer young people proved of serious offences to an adult court will require consultation with the judiciary to ensure that how it is drafted into the legislation will achieve the desired policy intent.
99. Determining the appropriate commencement date will require further detailed planning in consultation with affected agencies and the IIC programme. If other parts of the IIC reforms are not in place when this change happens, particularly community-based remand options, 17 year olds risk overwhelming the system.

### *Courts implementation*

100. A plan will be developed that will determine the best approach to accommodating greater Youth Court volumes. The Ministry of Justice will consider establishing a governance group to manage this change.
101. This plan will identify what the new Youth Court demand will look like, align rostering and scheduling practices accordingly, and determine whether additional designated courtrooms are required. The plan will also determine the resource requirements relating to judicially ordered costs, specialist reports and services, and Lay and Youth Advocate appointments. This includes the appointment of Youth Advocates and lay advocates as well as reports and FGCs commissioned by Child, Youth and Family.
102. Other key streams of work within the plan will include: training court staff, including judges; internal and public facing communication about the change; management of the impact on staff; an assessment of whether any ICT changes are necessary; updating the courts knowledge base. Leading up to the implementation, a business readiness assessment will be carried out.
103. **Managing the transition:** A decision to include 17 year-olds in the youth justice system must commence on a particular day. This means that charges against a 17 year-old filed in an adult court before, but not disposed of by, the commencement date, will continue to be heard in that court.
104. This may influence the behaviour of youth justice agencies, in particular, Police. Leading up to the change, Police Prosecution Services may delay charging 17 year-olds until the commencement date. If this occurs, there will be an inflated number of Youth Court cases to be heard immediately after the commencement date. Managing this transition period

will require clear communication between the Youth Court and Police Prosecution Services to understand and manage the impact on the Youth Court.

#### *Oranga Tamariki implementation*

105. Implementation of changes will take place alongside wider changes to the youth justice system and other workstreams as part of the IIC package.
106. **Managing 17 year-olds with more complex needs in youth justice residences:** A small number of 17 year-olds who would receive Supervision with Residence orders (if sentenced in the Youth Court) may prove difficult to manage. Consideration will be required in the future running on youth justice residences on appropriate age mixing for children and young people currently receiving Supervision with Residence orders.
107. The scope of this issue is mitigated by the fact that, at 17 years of age, and given the proposal to amend the existing Youth Court discretion to transfer young people proved of serious offences to an adult court, young offenders who fit this profile are more likely than younger offenders to be transferred to an adult court for sentencing. In these cases they are able to serve custodial sentences in youth units of adult facilities, or in the existing specially designated adult beds in youth justice residences.
108. It is also anticipated that this issue will also be addressed through the IIC programme. Under this programme, new community-based alternatives to remand will be introduced, which will reduce pressure on youth justice residences. New practice-based changes are also intended to reduce remand placements (the EAP noted that a significant number of young people who are remanded do not go on to receive custodial placements and therefore should not have been remanded in the first place – new practices are intended to address this discrepancy. Currently remand placements take up approximately 75% of beds in youth justice residences. As youth justice residences are used less for remand, they will be better placed to respond to the needs of young people, including those with complex needs, who receive Supervision with Residence orders or prison sentences.

#### *Police implementation*

109. **System-wide changes would be needed at Police to include 17 year olds in the youth justice system:** The major change would be for Youth Aid Officers, who manage the majority of offending by young people through warnings and alternative actions, are involved with ITC FGCs, and prosecute in Youth Court. Police has estimated including 17 year olds would increase the workload of Youth Aid by approximately 37%, which Police would need additional resources to accommodate.
110. Other elements of a system-wide change include:
  - additional time spent by frontline Police when working with 17 year olds, for example during questioning (discussion rights), interview (arranging and waiting for

a nominated person to attend) and custody (more frequent monitoring and awaiting space in Oranga Tamariki residences)

- training extra youth aid staff and resourcing them appropriately
- changes to when DNA samples can be taken and their storage
- updating IT systems to include 17 year olds as young people in appropriate databases and applications.

111. **Including non-imprisonable traffic offences:** Police would need to update guidance for officers and IT systems to ensure traffic offending, apart from infringements, is referred to youth aid. Youth Aid Officers would need to work on additional cases, though many young people committing these offences will already be known to youth aid.

#### *Health implementation*

112. Including 17 year-olds will require an expansion of youth forensic services currently provided to young people involved in the youth justice system, and new residential forensic beds will be needed. It is estimated that this will increase costs, rather than simply shift cost from the adult system. The current provision of mental health services to young people, including those in the justice system, is currently being re-designed in the context of the *Investing in Children* reform programme. More work will be needed for Health to cost the inclusion of 17 year-olds in the youth justice system in the context of these reforms.

## Monitoring, evaluation and review

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113. The following table sets out monitoring activities for this proposal and their purpose.

Activity	Purpose
Monitoring of FGC plans and Youth Court orders	To ensure the youth justice system has the capability to manage 17 year-olds that may present more complex needs than 14 – 16 year-olds currently do.
Monitoring the reoffending rates of 17 year-olds moved into the youth justice system	To determine the impact of the change on reoffending by 17 year-olds and help inform future decisions relating to whether or not 18 and 19 year-olds should be considered for the youth justice system.
Monitoring the impact of the change on the justice sector pipeline, in particular the prison muster	
Using the Integrated Data Infrastructure to assess how the change impacts on 17 year-olds employment and earning outcomes	



## Appendix 2: Court volumes and costs in the justice system for young people (14 – 16) and 17 year-olds

114. The number of 14-16 year-olds interacting with the youth jurisdiction has been steadily decreasing since 2010.<sup>xxxiv</sup> In 2010 there were 13,575 14-16 year olds dealt with in the youth jurisdiction. By 2015, there were only 6,222. The number of 14-16 year olds heard in the Youth Court over that period declined by a similar proportion, indicating the decline in young people charged with offences is relatively steady across all levels of offending.

Table 1: total number of young people in youth justice system 2010 – 2015

Year	Total number of offenders aged 14-16	Total number of offenders in Court	Percent of offenders dealt with in court
2010	13,575	3,967	29.2%
2011	11,824	3550	30.0%
2012	10,395	3,024	29.1%
2013	8,452	2,412	28.5%
2014	6,963	2,056	29.5%
2015	6,222	1,968	31.6%

115. While the number of 14-16 year olds heard in Youth Court has steadily dropped, the cost of the Youth Court in processing those cases has remained broadly the same. This is because the average cost per Youth Court case has increased from \$1,580 in 2010 to \$2,871 in 2015. Costs have increased due to the increased commissioning of expert reports by Youth Court judges (e.g. reports about young people by mental health nurses and education officers), and greater use of Lay Advocates since 2013 (Lay Advocates work with youths and their families to represent their views and to assist with providing cultural information to the court).
116. Due to its more intensive approach, processing young people in the youth justice system is more expensive than processing them in the adult justice system. The estimated average marginal cost of an adult court case, including legal aid costs, is \$1,192 per case.

Table 2: Total cost of the Youth Court

Year	Number of cases disposed by Youth Court	Total cost of Youth Court	Average cost per case
2010/11	5,010	\$7,918,000	\$1,580
2011/12	4,613	\$7,451,000	\$1,615
2012/13	3,908	\$7,985,000	\$2,043
2013/14	3,181	\$7,775,000	\$2,444
2014/15	2,822	\$8,103,000	\$2,871

## Volumes of 17 year-olds in the adult justice system

117. The number of proceedings begun against 17 year-olds has also declined significantly between 2010 and 2015. In 2010, 13,634 proceedings were instigated against 17 year-olds, compared to 6,882 proceedings in 2015.

Table 3: number of 17 year-olds in the adult justice system

Year	Total number of proceedings against 17 years olds	Number of prosecutions (court appearances)	Number of alternative actions	Percent alternative action
<b>2010</b>	13,634	10,367	3,267	24%
<b>2011</b>	12,073	8,110	3,963	33%
<b>2012</b>	10,752	6,550	4,202	39%
<b>2013</b>	9,010	5,598	3,412	38%
<b>2014</b>	7,242	4,722	2,520	35%
<b>2015</b>	6,882	4,601	2,281	33%

## Appendix 3: Cost-benefit analysis summary: Including 17 year-olds, and convictable traffic offences not punishable by imprisonment, in the youth justice system

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118. The Ministry of Justice has carried out a range of cost-benefit analyses (CBA). All CBAs have been carried out to account for net-present value (i.e. all \$ values are in 2016/17 terms). The CBAs are also based on a 10% reduction in volumes between 2015 and 2019, to account for the impact of Investing in Children reforms on youth justice volumes (noting that the cost-benefit ratios of the proposals are not very sensitive to volumes – as shown below).

### *CBA per annual cohort*

119. CBAs have been carried out for the first year's cohort of 17 year-olds. It is assumed that future cohorts will reduce in volume as *Investing in Children* reforms reduce intake into the youth justice system. This will reduce costs and related benefits, but the cost-benefit ratio will remain steady.

120. CBAs for the first annual cohort of 17 year-olds have been carried out both for the proposal to include 17 year-olds in the youth justice system, and for the proposal to include convictable traffic offences not punishable by imprisonment carried out by young people.

121. These CBA have been subjected to both a 3% discount rate (MOJ's preference) and a 7% discount rate (Treasury's default discount rate).<sup>3</sup>

122. These two CBAs are also combined, to indicate the impact of agreeing to both proposals. This generates the greatest benefit to society.

### Sensitivity analysis

123. To show how sensitive our analyses are to our key evidence-based assumption – i.e. a 15% reduction in reoffending among 17 year-olds when included in the youth justice system – we have also carried out a CBA to show the impact of including 17 year-olds in the youth justice system if there is only a 10% reduction in reoffending.

### *CBA of proposal over 30 years*

124. For the CBA on including 17 year-olds, and the CBA combining the two proposals, we also provide a more detailed breakdown showing the estimated annual costs and benefits of the proposals over 30 years. This analysis shows how costs and benefits will accumulate over the long-term. This shows the total cost-benefit over 30 years and the breakeven

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<sup>3</sup> Treasury's default discount rate reflects the required return if one invests in a risky projects or assets, such as shares. This can be considered too high for social policy projects: because of compounding, a high rate significantly reduces the present value of future benefits, disadvantaging projects with long payoffs. Noting the current environment of very low interest rates (for example, government 10 year bonds are currently returning 2%) MOJ considers a 3% discount rate more accurately reflects society's preferences.

year (that is, when annual benefits generated over the previous years would be greater than costs generated over those years).

### Sensitivity analysis

125. To show sensitive our analyses are to another key assumption – i.e. that the youth justice intake will reduce over time as a result of the *Investing in Children* reforms - we also provide a 30 year breakdown assuming no reduction in youth justice intake over time. Doing this shows that the cost-benefit relationship is not very sensitive to volume. If volumes coming into the youth justice system do not decrease:

- the breakeven point is delayed by only 3 years; and
- by the end of 30 years, the net-benefit associated with steady volumes is only \$6 million less than the net benefit associated with decreasing volumes.

### CBA per annual cohort

#### Including 17 year-olds and convictable traffic offences not punishable by imprisonment in the youth justice system

126. Agreeing to both these proposals generates the greatest benefit to society. More detail about how this CBA was calculated is included in the table below.

127. Using a 3% discount rate, the net present value of including both 17 year-olds and convictable traffic offences not punishable by imprisonment in the youth justice system is \$33.3 – 77.1 million, with a benefit cost ratio of 1.67 – 2.56 and average return on investment of 2.12.

128. Using Treasury’s default 7% discount rate, the net present value of including 17 year-olds olds and convictable traffic offences not punishable by imprisonment in the youth justice system is \$10.1 – 42.3 million, with a benefit cost ratio of 1.2 – 1.86 and average return on investment of 1.53.

Including 17 year-olds and convictable traffic offences not punishable by imprisonment in youth justice system	Discount Rate	
	3%	7% (Treasury default)
Net Present Value (NPV) <sup>4</sup>	\$33.3 – 77.1 million	\$10.1 – 42.3
Benefit Cost Ratio (BCR) <sup>5</sup>	1.67 – 2.56	1.2 – 1.86
Average Return on Investment (ROI) – Societal Total <sup>6</sup>	2.12	1.53

<sup>4</sup> **Net Present Value (NPV)** - The NPV is the sum of the discounted benefits, less the sum of the discounted costs (relative to the counterfactual). This gives a dollar value representing the marginal impact on the collective living standards of all New Zealanders of the initiative, in today’s dollar terms.

<sup>5</sup> **Benefit Cost Ratio (BCR)** - The BCR is the ratio of total discounted benefits to the total discounted costs. A proposal with a BCR greater than 1.0 has a positive impact, because the benefits exceed the costs. The BCR is the same as the Return on Investment Societal Total, unless there are negative impacts in addition to the fiscal cost of the initiative. All negative impacts are included in the denominator for the BCR measure.

<sup>6</sup> **Return on Investment (ROI) - Societal Total** - The ROI is calculated by dividing the discounted net change in wider societal impact, including benefits to government, by the discounted cost of the initiative. This can be interpreted as the impact on New Zealanders per dollar the government spends on the initiative, as an example for every \$1 the government spends on this programme, New Zealanders receive the stated value in benefits.

Including 17 year-olds in the youth justice system only

129. Using a 3% discount rate, the net present value of including 17 year-olds in the youth justice system is \$28.1 – 68.6 million, with a benefit cost ratio of 1.58 – 2.41 and average return on investment of 1.99.
130. Using Treasury’s default 7% discount rate, the net present value of including 17 year-olds in the youth justice system is \$6.6 – 36.3 million, with a benefit cost ratio of 1.14 – 1.74 and average return on investment of 1.44.

Including 17 year-olds in youth justice system	Discount Rate	
	3%	7% (Treasury default)
Net Present Value (NPV)	\$28.1 – 68.6 million	\$6.6 – 36.3 million
Benefit Cost Ratio (BCR)	1.58 – 2.41	1.14 – 1.74
Average Return on Investment (ROI) – Societal Total	1.99	1.44

Including convictable traffic offences not punishable by imprisonment only in youth justice system

131. Using a 3% discount rate, the net present value of including convictable traffic offences not punishable by imprisonment in the youth justice system is \$5.2 – 8.5 million, with a benefit cost ratio of 8.4– 13.3 and average return on investment of 10.8.
132. Using Treasury’s default 7% discount rate, the net present value of including convictable traffic offences not punishable by imprisonment in the youth justice system is \$3.5 – 6.0 million, with a benefit cost ratio of 6 – 9.6 and average return on investment of 7.8.

Including convictable traffic offences not punishable by imprisonment in youth justice system	Discount Rate	
	3% real	7% (Treasury default)
Net Present Value (NPV)	\$5.2 – 8.5 million	\$3.5 – 6.0 million
Benefit Cost Ratio (BCR)	8.4 – 13.3	6 – 9.6
Average Return on Investment (ROI) – Societal Total	10.8	7.8

Sensitivity analysis: Including 17 year-olds in the youth justice system only based on a 10% reduction in reoffending

133. A sensitivity analysis, based on a 10% reduction in reoffending (instead of 15%), shows that, using a 3% discount rate, the net present value of including 17 year-olds in the youth justice system is \$10.4 – 42.3 million, with a benefit cost ratio of 1.21 – 1.87 and average return on investment of 1.54.
134. Using Treasury’s default 7% discount rate, based on a 10% reduction in reoffending, the net present value of including 17 year-olds in the youth justice system is \$-6.6 – 15.9 million, with a benefit cost ratio of 0.86 – 1.33 and average return on investment of 1.09.

Including 17 year-olds in youth justice system, based on a 10% reduction in reoffending	Discount Rate	
	3% real	7% (Treasury default)
Net Present Value (NPV)	\$10.4 – 42.3 million	\$-6.6 – 15.9 million
Benefit Cost Ratio (BCR)	1.21 – 1.87	0.86 – 1.33
Average Return on Investment (ROI) – Societal Total	1.54	1.09

## Detailed cost-benefit analysis

135. The table below provides more detail on how the net-present value / cost-benefit ratio of the proposals were calculated.

### CBA of proposal over 30 years

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136. Below the detailed cost-benefit analysis table, tables and graphs are provided for two scenarios.

137. The first scenario, based on assumptions about how the new Oranga Tamariki operating model will reduce the youth justice intake over time, shows the cost-benefit be impacted by a reduction in volumes over time.

138. The second scenario provides a sensitivity analysis, to show how the cost-benefit will be impacted by zero reduction in volumes over time. Both scenarios, however, assume a 10% reduction in volumes between 2015 and implementation in 2019.

139. This information is provided for two decisions. Including in the youth justice system:

- 17 year-olds only; and
- 17 year-olds as well as convictable traffic offences not punishable by imprisonment.

140. This information sets out, for both 3% and 7% discount rates:

- the first year in which benefits generated in that year are greater than costs accrued in that year;
- the first year in which benefits generated over all previous years are greater than costs accrued over all previous years; and
- the total net benefit over 30 years.

141. As set out in the summary table, this information demonstrates the following:

- the overall net benefit of the proposals, over 30 years, is not very sensitive to volumes;
- while the overall net benefit is impacted by the chosen discount rate, the discount rate only marginally changes the points at which:
  - benefits generated in that year become greater than costs accrued in that year; and
  - benefits generated over all previous years become greater than costs accrued over all previous years (i.e. the breakeven point)

CBA for 2019's cohort of 17 year-olds

Estimated impact on key outcomes						
Reduction in reoffending	15%	15%	15%	Based on a matched analysis and consistent with overseas evidence.		High
Government costs (\$ million present value)						
Government costs	Discount rate	17 year-olds	Traffic	Combined	Assumptions and evidence	Certainty
Police	3%	15	0.29 – 0.41	15.4	Managing youth offenders is more resource intensive than managing adults. Costs result from increased workload for Police Youth Aid, and change of practice for dealing with apprehensions of 17 year-olds.	High
	7%	15	0.29 – 0.41	15.4		
Child, Youth and Family/ Ministry for Vulnerable Children	3%	32.9	0.27 – 0.54	33.3	Costs result from the Ministry for Vulnerable Children managing an estimated 1,868 additional referrals from NZ Police. It is based on the additional referrals from Police being subject to a 50/50 split between ITC FGCs (934 with average cost of \$6,361) and Youth Court FGCs (934 with average cost of \$29,134, which includes the cost of administering youth residences).	High
	7%	32.9	0.27 – 0.54	33.3		
Ministry of Justice	3%	2.3	– 0.05 - 0.05	2.2	Far fewer youth appear in court than adult offenders, with the majority of young people being diverted by Police. Youth who appear in the Youth Court, however, have greater average numbers of court appearances and incur greater average costs (e.g., youth advocates, specialist reports).	High
	7%	2.3	– 0.05 - 0.05	2.2		
Department of Corrections	3%	– 1.5	0	-1.5	This is a saving for Corrections. Seventeen year-olds managed in the youth jurisdiction will not receive either prison or community sentences.	High
	7%	– 1.5	0	-1.5		
Total quantified government costs	3%	48.7	0.5 – 0.89	49.4	Capital costs are not expected, as there is likely to be enough capacity in the existing system.	High
	7%	48.7	0.5 – 0.89	49.4		
Government benefits (\$m present value)						
Government benefits	Discount rate	17 year-olds	Traffic	Combined	Assumptions and evidence	Certainty
Crime-related cost savings to the public sector	3%	7.3 – 9.0	0.6 – 0.7	7.9 – 9.7	Justice sector benefits were calculated based on only the reduction in activities as a result of fewer crimes. For example, the Ministry of Justice would have fewer court cases, and the Department of Corrections would have fewer prisoners. No information was available from Police, the Serious Fraud Office, or Crown Law at the time of doing this analysis. Benefits to other public sector agencies were calculated based on the costs of crime-related expenditure, including: law enforcement and prosecution in the criminal court; crime-related injury; and, responding to deliberately lit fires. These costs were quantified using unit crime costs by ANZSOC <sup>7</sup> Division. <sup>8</sup>	High
	7%	5.3 – 6.5	0.4 – 0.5	5.8 – 7.1		
Non-crime related public sector benefits	3%	12.2 – 22.6	0.8 – 1.6	13 – 24.1	<p><i>Increased tax revenue</i></p> <p>Increases in tax revenue from those no longer on benefits were estimated based on differences in benefit rates, for those with and without convictions between the ages of 17 and 22, and for those with and without a conviction by age 18, from the IDI. The average annual tax on income for those with no qualifications was used to quantify the increase in revenue.</p> <p>Increases in tax revenue from those employed increasing their earnings were estimated based on differences in mean</p>	High

<sup>7</sup> Australia and New Zealand Offence Classification.

<sup>8</sup> Ministry of Health (2009). Unpublished.

	7%	7.5 - 14	0.5 – 1.0	8.1 - 15	earnings and employment rates, for those with and without convictions between the ages of 17 and 22, and for those with and without a conviction by age 18, from the IDI. Additional tax revenue was calculated using the average annual tax rate for those earning between \$14,000 and \$48,000. <i>Reduced welfare liability</i> Savings through reduced numbers of people on benefits were estimated based on differences in benefit rates, for those with and without convictions between the ages of 17 and 22, and for those with and without a conviction by age 18, from the IDI. Jobseeker Support benefits by age were used to quantify the savings.	
Reduced health liability	Small benefit expected, but unable to be quantified				Reduced reoffending will lead to a reduction in violent crime, and associated health costs. Improved employment outcomes and reduced welfare dependency will also improve the health outcomes of young people and their families.	Medium
Total quantified public sector benefits	3%	18.7 – 32.3	1.4 – 2.3	20.1 – 34.6		High
	7%	12.5 – 20.9	0.9 – 1.5	13.4 – 22.5		
<b>Wider societal benefits (\$m present value)</b>						
<b>Wider societal benefits</b>	<b>Discount rate</b>	<b>17 year-olds</b>	<b>NITOs</b>	<b>Combined</b>	<b>Assumptions and evidence</b>	<b>Certainty</b>
Crime-related private sector savings	3%	25.1 – 44.9	2.1 – 4.1	27.2 – 49.0	These benefits were estimated based on a reduction in the current costs of crime experienced by individuals, households and businesses such as the costs of loss of/damage to property, insurance and security. The costs per offence experienced by individuals and households were calculated using Treasury cost per incident. <sup>9</sup>	High
	7%	21.8 – 38.9	1.8 – 3.4	23.5 – 42.3		
Non-crime related private sector (benefits for youth)	3%	25.6 – 47.6	1.8 – 3.3	27.4 – 50.9	<i>Increased earning for people no longer on benefits</i> These were estimated based on differences in mean earnings, employment and benefit rates, for those with and without convictions between the ages of 17 and 22, and for those with and without a conviction by age 18, using the Integrated Data Infrastructure (IDI). Average annual incomes for those with no qualifications and jobseeker Support benefits by age were used to quantify the benefits. <i>Additional earnings from those with employment increasing their earnings</i> These were estimated based on differences in mean earnings and employment rates, for those with and without convictions between the ages of 17 and 22, and for those with and without a conviction by age 18, from the IDI.	High
	7%	16.2 – 30.1	1.1 – 2.1	17.3 – 32.2		
Inter-generational benefits	Significant long-term benefit expected, but unable to be quantified				Treasury research demonstrates that of a cohort whose caregiver had served a Department of Corrections sentence before the child was aged five, 17.3% had a CYF youth justice referral and 26.1% had a custodial or community sentence before age 21; compared to 6.9% and 11.3% of those whose caregiver did not, respectively. Furthermore, 67.5% of this cohort did not achieve NCEA level 2 and 74.9% received a benefit (with 26.8% receiving a benefit for more than two years) by age 21, compared to 47.4% and 56.3% of those, whose caregiver did not have a Corrections history before the child was aged 5, respectively.	High
Total quantified societal benefits	3%	52.5 – 90.6	4.1 – 7.3	56.6 – 97.9		High
	7%	39.3 – 67.7	3.0 – 5.4	42.3 – 73.1		
Total benefits (\$m present value)	3%	\$76.9 – 117.3	\$5.9 – 9.2	82.8 – 126.5		
	7%	\$55.4 - 85	\$4.2 – 6.7	59.6 – 91.7		
Net value of quantified impacts/ Overall cost-benefit (\$ million present value)	3%	28.1 – 68.6	\$5.2 – 8.5	33.3 – 77.1		High
	7%	6.6 – 36.3	\$3.5 – 6.0	10.1 – 42.3		

<sup>9</sup> Roper, T. and Thompson, A. (2006). *Estimating the costs of crime in New Zealand in 2003/04*. Wellington, New Zealand Treasury.

CBA of proposal over 30 years

		Scenario 1: <u>using assumptions about an ongoing reduced youth justice intake resulting from <i>Investing in Children</i> reforms</u>		Scenario 2: <u>using assumptions about reduced youth justice intake between 2015 – 2019, but no further reduced volumes from 2019</u>	
		3% discount rate	7% discount rate	3% discount rate	7% discount rate
17 year-olds as well as convictable traffic offences not punishable by imprisonment	The first year in which benefits generated in that year are greater than costs accrued in that year	2026 (+7)	2026 (+7)	2027 (+8)	2027 (+8)
	The first year in which benefits generated over all previous years are greater than costs accrued over all previous years	2035 (+16)	2039 (+20)	2036 (+17)	2040 (+21)
	The total net benefit over 30 years (\$ million present value)	\$385M	\$112M	\$449M	\$123M
Including 17 year-olds only	The first year in which benefits generated in that year are greater than costs accrued in that year	2026 (+7)	2026 (+7)	2027 (+8)	2027 (+8)
	The first year in which benefits generated over all previous years are greater than costs accrued over all previous years	2036/37 (+17/18)	2041 (+22)	2038 (+19)	2043 (+24)
	The total net benefit over 30 years (\$ million present value)	\$313M	\$73M	\$357M	\$77M

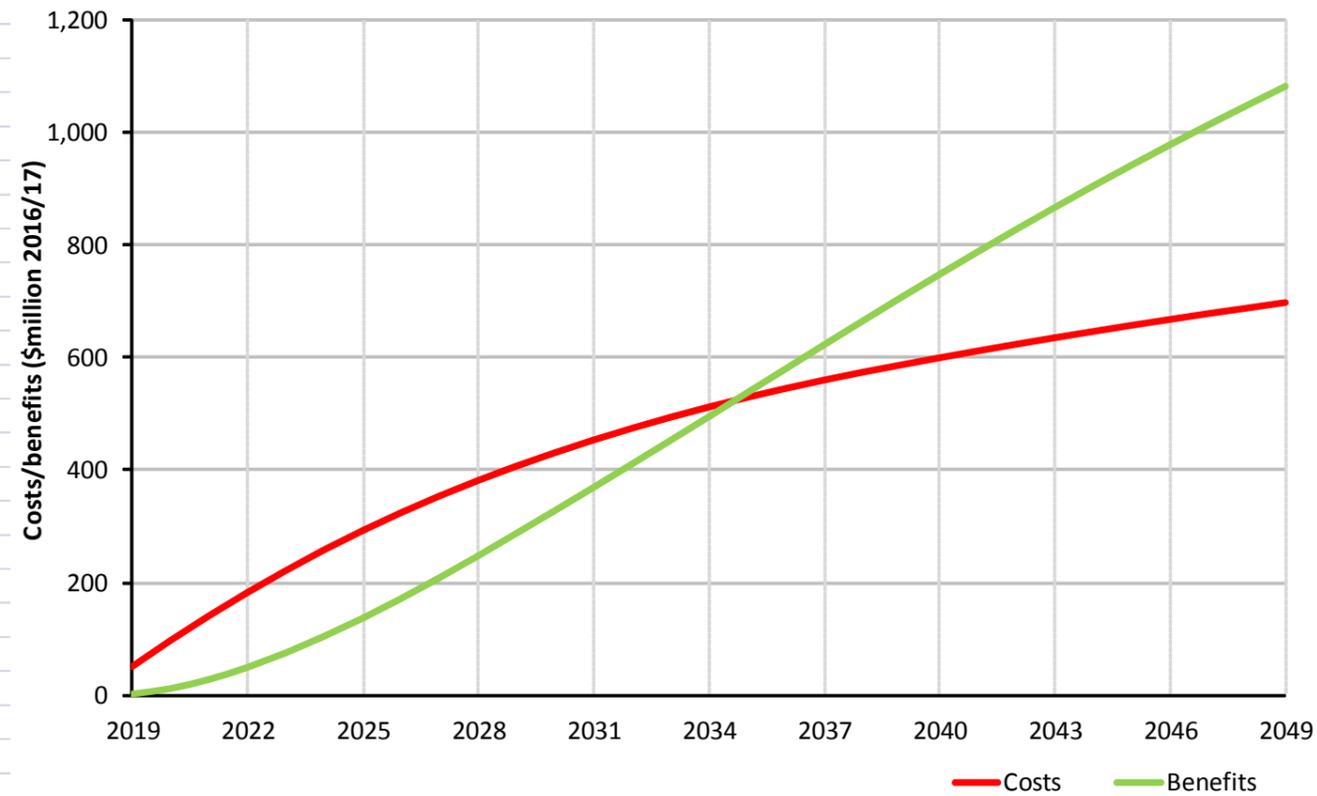
**CBA of proposal over 30 years – including 17 year-olds as well as convictable traffic offences not punishable by imprisonment**

Scenario 1 – using assumptions about an ongoing reduced youth justice intake resulting from *Investing in Children* reforms – 3% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction																															
Costs/Benefits <sup>1</sup>	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
<b>Annual costs:</b>																															
Police	15.4	15.0	14.7	14.4	14.1	13.8	13.3	12.9	12.4	11.9	11.5	11.2	10.8	10.5	10.2	9.9	9.6	9.3	9.0	8.7	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	
Child, Youth and Family	33.3	32.3	31.3	30.3	29.3	28.4	27.1	25.8	24.6	23.5	22.4	21.5	20.6	19.8	19.0	18.2	17.4	16.7	16.0	15.3	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	
Justice/Courts	2.2	2.2	2.1	2.1	2.0	2.0	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
Corrections	-1.5	-1.4	-1.4	-1.4	-1.3	-1.3	-1.3	-1.2	-1.2	-1.1	-1.1	-1.1	-1.0	-1.0	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
<b>Total costs</b>	<b>49.4</b>	<b>48.0</b>	<b>46.7</b>	<b>45.4</b>	<b>44.1</b>	<b>42.9</b>	<b>41.0</b>	<b>39.3</b>	<b>37.6</b>	<b>36.0</b>	<b>34.4</b>	<b>33.2</b>	<b>32.0</b>	<b>30.8</b>	<b>29.7</b>	<b>28.5</b>	<b>27.5</b>	<b>26.4</b>	<b>25.4</b>	<b>24.5</b>	<b>23.5</b>										
<b>Total Costs (Net)<sup>2</sup></b>	<b>49.4</b>	<b>46.6</b>	<b>44.0</b>	<b>41.5</b>	<b>39.2</b>	<b>37.0</b>	<b>34.4</b>	<b>31.9</b>	<b>29.7</b>	<b>27.6</b>	<b>25.6</b>	<b>24.0</b>	<b>22.4</b>	<b>21.0</b>	<b>19.6</b>	<b>18.3</b>	<b>17.1</b>	<b>16.0</b>	<b>14.9</b>	<b>14.0</b>	<b>13.0</b>	<b>12.6</b>	<b>12.3</b>	<b>11.9</b>	<b>11.6</b>	<b>11.2</b>	<b>10.9</b>	<b>10.6</b>	<b>10.3</b>	<b>10.0</b>	
<b>Annual benefits:</b>																															
<b>Public Sector (Crime Related)</b>																															
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0										
Corrections	0.1	0.4	0.8	1.1	1.3	1.6	1.9	2.1	2.3	2.5	2.6	2.7	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.5	3.6										
Other Public Sector	0.1	0.5	0.9	1.2	1.4	1.5	1.7	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.3										
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.7</b>	<b>1.3</b>	<b>2.1</b>	<b>2.9</b>	<b>3.7</b>	<b>4.4</b>	<b>5.1</b>	<b>5.9</b>	<b>6.7</b>	<b>7.4</b>	<b>8.1</b>	<b>8.8</b>	<b>9.4</b>	<b>10.0</b>	<b>10.7</b>	<b>11.3</b>	<b>11.8</b>	<b>12.4</b>	<b>12.9</b>	<b>13.5</b>										
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.8</b>	<b>3.4</b>	<b>4.9</b>	<b>6.2</b>	<b>7.5</b>	<b>8.7</b>	<b>9.9</b>	<b>10.9</b>	<b>12.0</b>	<b>12.9</b>	<b>13.8</b>	<b>14.6</b>	<b>15.4</b>	<b>16.2</b>	<b>16.9</b>	<b>17.7</b>	<b>18.4</b>	<b>19.1</b>	<b>19.8</b>	<b>20.4</b>										
Private Sector (crime-related) <sup>4</sup>	0.9	6.6	10.5	13.5	15.9	18.0	19.6	21.3	22.6	23.8	24.7	24.6	25.1	25.2	25.8	26.2	27.1	27.3	27.5	27.3	27.0										
Benefits for youth <sup>5</sup>	0.0	1.7	3.3	5.1	6.9	8.6	10.3	12.0	13.5	14.9	16.3	17.7	19.0	20.3	21.5	22.7	23.9	25.0	26.1	27.2	28.2										
<b>Total Benefits</b>	<b>1.0</b>	<b>10.1</b>	<b>17.1</b>	<b>23.5</b>	<b>29.0</b>	<b>34.2</b>	<b>38.6</b>	<b>43.1</b>	<b>47.1</b>	<b>50.7</b>	<b>54.0</b>	<b>56.1</b>	<b>58.7</b>	<b>60.9</b>	<b>63.5</b>	<b>65.9</b>	<b>68.8</b>	<b>70.7</b>	<b>72.8</b>	<b>74.3</b>	<b>75.5</b>	<b>76.7</b>	<b>77.6</b>	<b>78.5</b>	<b>79.2</b>	<b>79.9</b>	<b>80.4</b>	<b>80.9</b>	<b>81.3</b>	<b>81.7</b>	<b>82.0</b>
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>9.8</b>	<b>16.2</b>	<b>21.5</b>	<b>25.8</b>	<b>29.5</b>	<b>32.3</b>	<b>35.1</b>	<b>37.2</b>	<b>38.8</b>	<b>40.2</b>	<b>40.5</b>	<b>41.2</b>	<b>41.5</b>	<b>42.0</b>	<b>42.3</b>	<b>42.9</b>	<b>42.8</b>	<b>42.7</b>	<b>42.3</b>	<b>41.8</b>	<b>41.2</b>	<b>40.5</b>	<b>39.8</b>	<b>39.0</b>	<b>38.1</b>	<b>37.3</b>	<b>36.4</b>	<b>35.5</b>	<b>34.7</b>	<b>33.8</b>
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-48.4</b>	<b>-36.8</b>	<b>-27.9</b>	<b>-20.0</b>	<b>-13.4</b>	<b>-7.5</b>	<b>-2.0</b>	<b>3.1</b>	<b>7.5</b>	<b>11.3</b>	<b>14.5</b>	<b>16.6</b>	<b>18.7</b>	<b>20.5</b>	<b>22.4</b>	<b>24.0</b>	<b>25.7</b>	<b>26.8</b>	<b>27.8</b>	<b>28.4</b>	<b>28.8</b>	<b>28.6</b>	<b>28.2</b>	<b>27.9</b>	<b>27.4</b>	<b>26.9</b>	<b>26.4</b>	<b>25.8</b>	<b>25.3</b>	<b>24.7</b>	<b>24.1</b>
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-85</b>	<b>-113</b>	<b>-133</b>	<b>-146</b>	<b>-154</b>	<b>-156</b>	<b>-153</b>	<b>-145</b>	<b>-134</b>	<b>-120</b>	<b>-103</b>	<b>-84</b>	<b>-64</b>	<b>-41</b>	<b>-17</b>	<b>8</b>	<b>35</b>	<b>63</b>	<b>91</b>	<b>120</b>	<b>149</b>	<b>177</b>	<b>205</b>	<b>232</b>	<b>259</b>	<b>285</b>	<b>311</b>	<b>337</b>	<b>361</b>	<b>385</b>
<b>Notes</b>																															
1. All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains																															
2. Net costs and benefits calculated using a discount rate of 3 percent per annum																															
3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age																															
4. Private sector benefits were estimated using unit crime costs calculated by the NZ Treasury																															
5. Benefits for youth were estimated based on differences in mean earnings, and employment and benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI																															
6. All values rounded to nearest \$100,000																															
7. This equates to the cumulative net difference between costs and benefits since 2019																															

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	96	140	182	221	258	292	324	354	381	407	431	453	474	494	512	529	545	560	574	587	600	612	624	636	647	658	668	679	689	698
Benefits	1	11	27	49	74	104	136	171	208	247	287	328	369	411	453	495	538	580	623	666	707	749	789	829	868	906	943	980	1015	1050	1084
<b>Net Benefit</b>	<b>-48</b>	<b>-85</b>	<b>-113</b>	<b>-133</b>	<b>-146</b>	<b>-154</b>	<b>-156</b>	<b>-153</b>	<b>-145</b>	<b>-134</b>	<b>-120</b>	<b>-103</b>	<b>-84</b>	<b>-64</b>	<b>-41</b>	<b>-17</b>	<b>8</b>	<b>35</b>	<b>63</b>	<b>91</b>	<b>120</b>	<b>149</b>	<b>177</b>	<b>205</b>	<b>232</b>	<b>259</b>	<b>285</b>	<b>311</b>	<b>337</b>	<b>361</b>	<b>385</b>



**Notes**

1. All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
2. Net costs and benefits calculated using a discount rate of 3 percent per annum

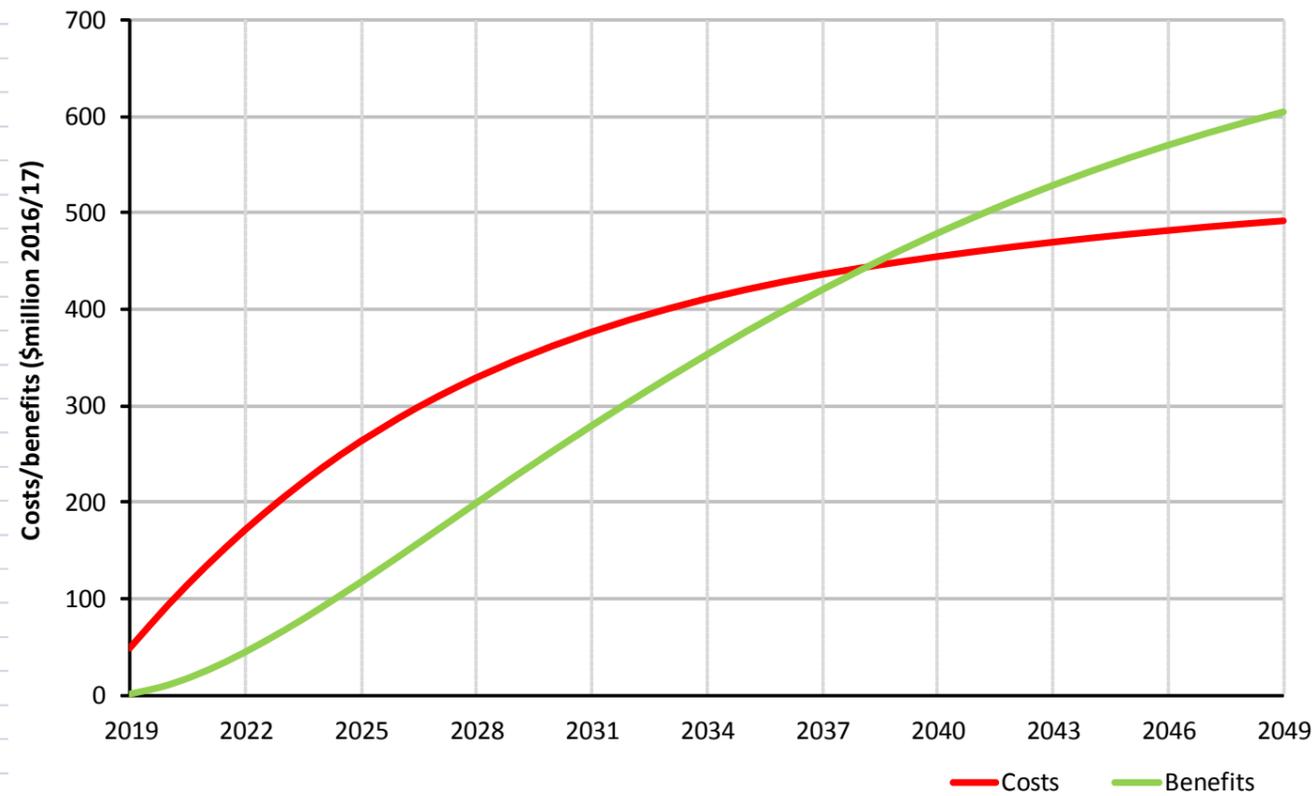
**CBA of proposal over 30 years – including 17 year-olds as well as convictable traffic offences not punishable by imprisonment**

Scenario 1 – using assumptions about an ongoing reduced youth justice intake resulting from *Investing in Children* reforms – 7% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction																															
Costs/Benefits <sup>1</sup>	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
<b>Annual costs:</b>																															
Police	15.4	15.0	14.7	14.4	14.1	13.8	13.3	12.9	12.4	11.9	11.5	11.2	10.8	10.5	10.2	9.9	9.6	9.3	9.0	8.7	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	
Child, Youth and Family	33.3	32.3	31.3	30.3	29.3	28.4	27.1	25.8	24.6	23.5	22.4	21.5	20.6	19.8	19.0	18.2	17.4	16.7	16.0	15.3	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	
Justice/Courts	2.2	2.2	2.1	2.1	2.0	2.0	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
Corrections	-1.5	-1.4	-1.4	-1.4	-1.3	-1.3	-1.3	-1.2	-1.2	-1.1	-1.1	-1.1	-1.0	-1.0	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
<b>Total costs</b>	<b>49.4</b>	<b>48.0</b>	<b>46.7</b>	<b>45.4</b>	<b>44.1</b>	<b>42.9</b>	<b>41.0</b>	<b>39.3</b>	<b>37.6</b>	<b>36.0</b>	<b>34.4</b>	<b>33.2</b>	<b>32.0</b>	<b>30.8</b>	<b>29.7</b>	<b>28.5</b>	<b>27.5</b>	<b>26.4</b>	<b>25.4</b>	<b>24.5</b>	<b>23.5</b>										
<b>Total Costs (Net)<sup>2</sup></b>	<b>49.4</b>	<b>44.9</b>	<b>40.8</b>	<b>37.0</b>	<b>33.6</b>	<b>30.6</b>	<b>27.3</b>	<b>24.5</b>	<b>21.9</b>	<b>19.6</b>	<b>17.5</b>	<b>15.8</b>	<b>14.2</b>	<b>12.8</b>	<b>11.5</b>	<b>10.3</b>	<b>9.3</b>	<b>8.4</b>	<b>7.5</b>	<b>6.8</b>	<b>6.1</b>	<b>5.7</b>	<b>5.3</b>	<b>5.0</b>	<b>4.6</b>	<b>4.3</b>	<b>4.1</b>	<b>3.8</b>	<b>3.5</b>	<b>3.3</b>	<b>3.1</b>
<b>Annual benefits:</b>																															
<b>Public Sector (Crime Related)</b>																															
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0											
Corrections	0.1	0.4	0.8	1.1	1.3	1.6	1.9	2.1	2.3	2.5	2.6	2.7	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.5	3.6										
Other Public Sector	0.1	0.5	0.9	1.2	1.4	1.5	1.7	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.3										
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.7</b>	<b>1.3</b>	<b>2.1</b>	<b>2.9</b>	<b>3.7</b>	<b>4.4</b>	<b>5.1</b>	<b>5.9</b>	<b>6.7</b>	<b>7.4</b>	<b>8.1</b>	<b>8.8</b>	<b>9.4</b>	<b>10.0</b>	<b>10.7</b>	<b>11.3</b>	<b>11.8</b>	<b>12.4</b>	<b>12.9</b>	<b>13.5</b>										
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.8</b>	<b>3.4</b>	<b>4.9</b>	<b>6.2</b>	<b>7.5</b>	<b>8.7</b>	<b>9.9</b>	<b>10.9</b>	<b>12.0</b>	<b>12.9</b>	<b>13.8</b>	<b>14.6</b>	<b>15.4</b>	<b>16.2</b>	<b>16.9</b>	<b>17.7</b>	<b>18.4</b>	<b>19.1</b>	<b>19.8</b>	<b>20.4</b>										
Private Sector (crime-related) <sup>4</sup>	0.9	6.6	10.5	13.5	15.9	18.0	19.6	21.3	22.6	23.8	24.7	24.6	25.1	25.2	25.8	26.2	27.1	27.3	27.5	27.3	27.0										
Benefits for youth <sup>5</sup>	0.0	1.7	3.3	5.1	6.9	8.6	10.3	12.0	13.5	14.9	16.3	17.7	19.0	20.3	21.5	22.7	23.9	25.0	26.1	27.2	28.2										
<b>Total Benefits</b>	<b>1.0</b>	<b>10.1</b>	<b>17.1</b>	<b>23.5</b>	<b>29.0</b>	<b>34.2</b>	<b>38.6</b>	<b>43.1</b>	<b>47.1</b>	<b>50.7</b>	<b>54.0</b>	<b>56.1</b>	<b>58.7</b>	<b>60.9</b>	<b>63.5</b>	<b>65.9</b>	<b>68.8</b>	<b>70.7</b>	<b>72.8</b>	<b>74.3</b>	<b>75.5</b>	<b>76.7</b>	<b>77.6</b>	<b>78.5</b>	<b>79.2</b>	<b>79.9</b>	<b>80.4</b>	<b>80.9</b>	<b>81.3</b>	<b>81.7</b>	<b>82.0</b>
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>9.4</b>	<b>15.0</b>	<b>19.2</b>	<b>22.1</b>	<b>24.4</b>	<b>25.7</b>	<b>26.9</b>	<b>27.4</b>	<b>27.6</b>	<b>27.4</b>	<b>26.7</b>	<b>26.1</b>	<b>25.3</b>	<b>24.6</b>	<b>23.9</b>	<b>23.3</b>	<b>22.4</b>	<b>21.5</b>	<b>20.5</b>	<b>19.5</b>	<b>18.5</b>	<b>17.5</b>	<b>16.6</b>	<b>15.6</b>	<b>14.7</b>	<b>13.8</b>	<b>13.0</b>	<b>12.2</b>	<b>11.5</b>	<b>10.8</b>
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-48.4</b>	<b>-35.5</b>	<b>-25.8</b>	<b>-17.8</b>	<b>-11.5</b>	<b>-6.2</b>	<b>-1.6</b>	<b>2.4</b>	<b>5.5</b>	<b>8.0</b>	<b>9.9</b>	<b>10.9</b>	<b>11.9</b>	<b>12.5</b>	<b>13.1</b>	<b>13.5</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>13.8</b>	<b>13.4</b>	<b>12.8</b>	<b>12.2</b>	<b>11.6</b>	<b>11.0</b>	<b>10.4</b>	<b>9.8</b>	<b>9.2</b>	<b>8.7</b>	<b>8.2</b>	<b>7.7</b>
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-84</b>	<b>-110</b>	<b>-128</b>	<b>-139</b>	<b>-145</b>	<b>-147</b>	<b>-144</b>	<b>-139</b>	<b>-131</b>	<b>-121</b>	<b>-110</b>	<b>-98</b>	<b>-86</b>	<b>-73</b>	<b>-59</b>	<b>-45</b>	<b>-31</b>	<b>-17</b>	<b>-3</b>	<b>10</b>	<b>23</b>	<b>35</b>	<b>47</b>	<b>58</b>	<b>68</b>	<b>78</b>	<b>87</b>	<b>96</b>	<b>104</b>	<b>112</b>
<b>Notes</b>	<p>1. All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains</p> <p>2. Net costs and benefits calculated using a discount rate of 7 percent per annum</p> <p>3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age</p> <p>4. Private sector benefits were estimated using unit crime costs calculated by the NZ Treasury</p> <p>5. Benefits for youth were estimated based on differences in mean earnings, and employment and benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI</p> <p>6. All values rounded to nearest \$100,000</p> <p>7. This equates to the cumulative net difference between costs and benefits since 2019</p>																														

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	94	135	172	206	236	264	288	310	330	347	363	377	390	401	412	421	429	437	444	450	455	461	466	470	475	479	483	486	489	492
Benefits	1	10	25	45	67	91	117	144	171	199	226	253	279	304	329	353	376	398	420	440	460	478	496	512	528	543	557	570	582	593	604
<b>Net Benefit</b>	<b>-48</b>	<b>-84</b>	<b>-110</b>	<b>-128</b>	<b>-139</b>	<b>-145</b>	<b>-147</b>	<b>-144</b>	<b>-139</b>	<b>-131</b>	<b>-121</b>	<b>-110</b>	<b>-98</b>	<b>-86</b>	<b>-73</b>	<b>-59</b>	<b>-45</b>	<b>-31</b>	<b>-17</b>	<b>-3</b>	<b>10</b>	<b>23</b>	<b>35</b>	<b>47</b>	<b>58</b>	<b>68</b>	<b>78</b>	<b>87</b>	<b>96</b>	<b>104</b>	<b>112</b>



**Notes**

- All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
- Net costs and benefits calculated using a discount rate of 7 percent per annum

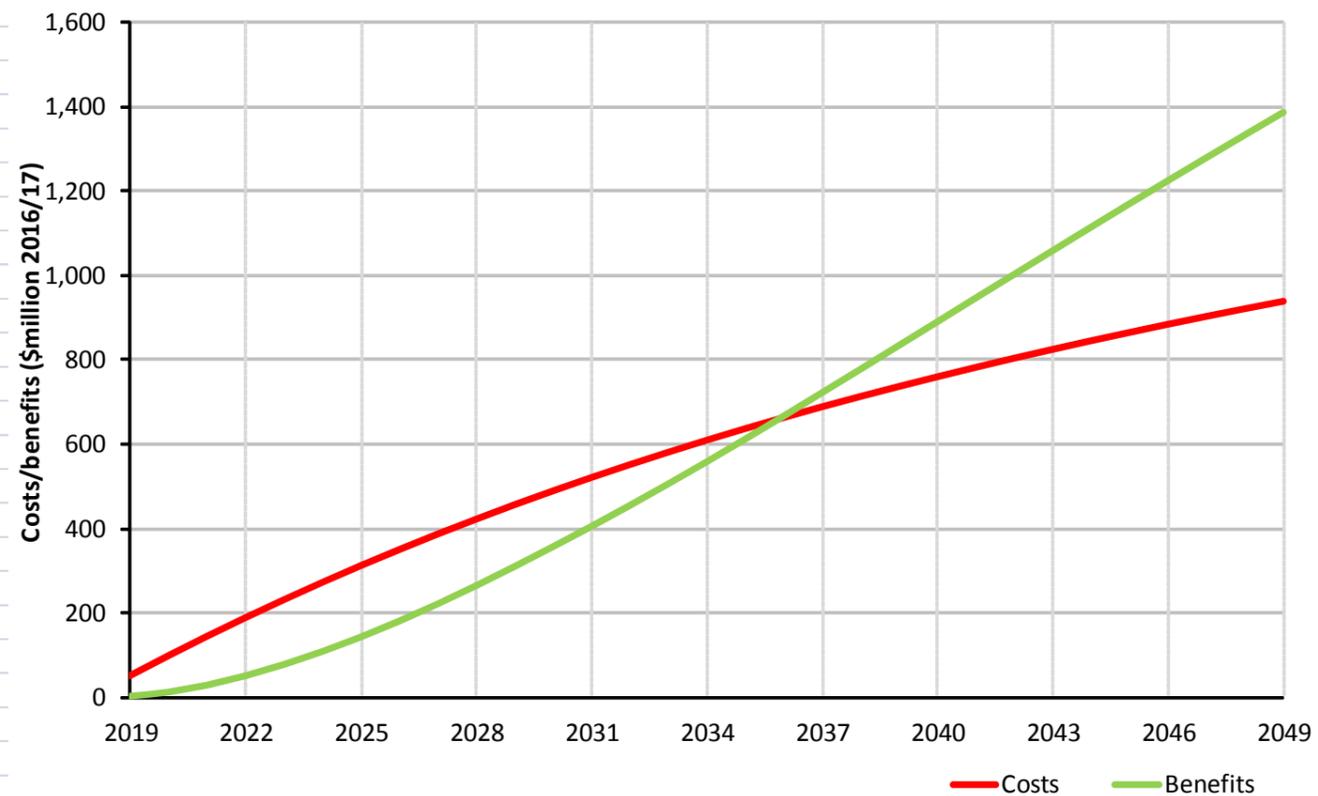
**CBA of proposal over 30 years – including 17 year-olds as well as convictable traffic offences not punishable by imprisonment**

Scenario 2 – using assumptions about reduced youth justice intake between 2015 – 2019, but no further reduced volumes from 2019 – 3% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction																															
Costs/Benefits <sup>1</sup>	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
<b>Annual costs:</b>																															
Police	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	
Child, Youth and Family	33.3	33.0	32.6	32.2	31.9	31.5	31.2	30.8	30.5	30.2	29.8	29.5	29.2	28.8	28.5	28.2	27.9	27.6	27.3	27.0	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	
Justice/Courts	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	
Corrections	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	
<b>Total costs</b>	<b>49.4</b>	<b>49.1</b>	<b>48.7</b>	<b>48.3</b>	<b>48.0</b>	<b>47.6</b>	<b>47.3</b>	<b>46.9</b>	<b>46.6</b>	<b>46.3</b>	<b>45.9</b>	<b>45.6</b>	<b>45.3</b>	<b>44.9</b>	<b>44.6</b>	<b>44.3</b>	<b>44.0</b>	<b>43.7</b>	<b>43.4</b>	<b>43.1</b>	<b>42.8</b>										
<b>Total Costs (Net)<sup>2</sup></b>	<b>49.4</b>	<b>47.6</b>	<b>45.9</b>	<b>44.2</b>	<b>42.6</b>	<b>41.1</b>	<b>39.6</b>	<b>38.2</b>	<b>36.8</b>	<b>35.4</b>	<b>34.2</b>	<b>32.9</b>	<b>31.7</b>	<b>30.6</b>	<b>29.5</b>	<b>28.4</b>	<b>27.4</b>	<b>26.4</b>	<b>25.5</b>	<b>24.6</b>	<b>23.7</b>	<b>23.0</b>	<b>22.3</b>	<b>21.7</b>	<b>21.0</b>	<b>20.4</b>	<b>19.8</b>	<b>19.3</b>	<b>18.7</b>	<b>18.1</b>	<b>17.6</b>
<b>Annual benefits:</b>																															
<b>Public Sector (Crime Related)</b>																															
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4										
Corrections	0.1	0.4	0.8	1.1	1.4	1.7	2.0	2.2	2.5	2.7	3.0	3.1	3.3	3.5	3.7	3.9	4.1	4.3	4.5	4.7	4.8										
Other Public Sector	0.1	0.5	0.9	1.2	1.4	1.6	1.8	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.3										
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.7</b>	<b>1.4</b>	<b>2.2</b>	<b>3.0</b>	<b>3.8</b>	<b>4.7</b>	<b>5.5</b>	<b>6.4</b>	<b>7.3</b>	<b>8.2</b>	<b>9.1</b>	<b>10.0</b>	<b>10.9</b>	<b>11.8</b>	<b>12.7</b>	<b>13.5</b>	<b>14.4</b>	<b>15.3</b>	<b>16.2</b>	<b>17.1</b>										
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.8</b>	<b>3.4</b>	<b>5.0</b>	<b>6.4</b>	<b>7.9</b>	<b>9.2</b>	<b>10.6</b>	<b>11.9</b>	<b>13.2</b>	<b>14.5</b>	<b>15.7</b>	<b>16.9</b>	<b>18.2</b>	<b>19.4</b>	<b>20.6</b>	<b>21.9</b>	<b>23.1</b>	<b>24.3</b>	<b>25.5</b>	<b>26.7</b>										
Private Sector (crime-related) <sup>4</sup>	0.9	6.7	10.6	13.9	16.6	19.0	21.0	23.2	25.1	26.9	28.5	29.2	30.4	31.3	32.6	33.8	35.5	36.4	37.5	38.1	38.6										
Benefits for youth <sup>5</sup>	0.0	1.7	3.3	5.2	7.1	9.0	10.8	12.7	14.5	16.3	18.1	20.0	21.8	23.6	25.4	27.2	29.0	30.8	32.6	34.4	36.2										
<b>Total Benefits</b>	<b>1.0</b>	<b>10.1</b>	<b>17.4</b>	<b>24.1</b>	<b>30.1</b>	<b>35.9</b>	<b>41.0</b>	<b>46.5</b>	<b>51.5</b>	<b>56.4</b>	<b>61.2</b>	<b>64.9</b>	<b>69.1</b>	<b>73.0</b>	<b>77.4</b>	<b>81.6</b>	<b>86.4</b>	<b>90.3</b>	<b>94.4</b>	<b>98.0</b>	<b>101.5</b>	<b>104.8</b>	<b>108.0</b>	<b>111.1</b>	<b>114.0</b>	<b>116.9</b>	<b>119.6</b>	<b>122.2</b>	<b>124.7</b>	<b>127.2</b>	<b>129.5</b>
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>9.8</b>	<b>16.4</b>	<b>22.1</b>	<b>26.7</b>	<b>30.9</b>	<b>34.4</b>	<b>37.8</b>	<b>40.7</b>	<b>43.3</b>	<b>45.5</b>	<b>46.9</b>	<b>48.5</b>	<b>49.7</b>	<b>51.2</b>	<b>52.4</b>	<b>53.8</b>	<b>54.6</b>	<b>55.5</b>	<b>55.9</b>	<b>56.2</b>	<b>56.3</b>	<b>56.4</b>	<b>56.3</b>	<b>56.1</b>	<b>55.8</b>	<b>55.5</b>	<b>55.0</b>	<b>54.5</b>	<b>54.0</b>	<b>53.3</b>
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-48.4</b>	<b>-37.8</b>	<b>-29.5</b>	<b>-22.2</b>	<b>-15.9</b>	<b>-10.2</b>	<b>-5.2</b>	<b>-0.4</b>	<b>3.9</b>	<b>7.8</b>	<b>11.3</b>	<b>13.9</b>	<b>16.7</b>	<b>19.1</b>	<b>21.7</b>	<b>23.9</b>	<b>26.4</b>	<b>28.2</b>	<b>30.0</b>	<b>31.3</b>	<b>32.5</b>	<b>33.3</b>	<b>34.0</b>	<b>34.6</b>	<b>35.1</b>	<b>35.4</b>	<b>35.6</b>	<b>35.8</b>	<b>35.8</b>	<b>35.7</b>	
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-86</b>	<b>-116</b>	<b>-138</b>	<b>-154</b>	<b>-164</b>	<b>-169</b>	<b>-170</b>	<b>-166</b>	<b>-158</b>	<b>-146</b>	<b>-133</b>	<b>-116</b>	<b>-97</b>	<b>-75</b>	<b>-51</b>	<b>-25</b>	<b>3</b>	<b>33</b>	<b>65</b>	<b>97</b>	<b>131</b>	<b>165</b>	<b>199</b>	<b>234</b>	<b>270</b>	<b>305</b>	<b>341</b>	<b>377</b>	<b>413</b>	<b>449</b>
<b>Notes</b>																															
1. All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains																															
2. Net costs and benefits calculated using a discount rate of 3 percent per annum																															
3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age																															
4. Private sector benefits were estimated using unit crime costs calculated by the NZ Treasury																															
5. Benefits for youth were estimated based on differences in mean earnings, and employment and benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI																															
6. All values rounded to nearest \$100,000																															
7. This equates to the cumulative net difference between costs and benefits since 2019																															

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	97	143	187	230	271	311	349	385	421	455	488	520	550	580	608	636	662	688	712	736	759	781	803	824	844	864	883	902	920	938
Benefits	1	11	27	49	76	107	141	179	220	263	309	355	404	454	505	557	611	666	721	777	833	889	946	1002	1058	1114	1169	1225	1279	1333	1386
<b>Net Benefit</b>	<b>-48</b>	<b>-86</b>	<b>-116</b>	<b>-138</b>	<b>-154</b>	<b>-164</b>	<b>-169</b>	<b>-170</b>	<b>-166</b>	<b>-158</b>	<b>-146</b>	<b>-133</b>	<b>-116</b>	<b>-97</b>	<b>-75</b>	<b>-51</b>	<b>-25</b>	<b>3</b>	<b>33</b>	<b>65</b>	<b>97</b>	<b>131</b>	<b>165</b>	<b>199</b>	<b>234</b>	<b>270</b>	<b>305</b>	<b>341</b>	<b>377</b>	<b>413</b>	<b>449</b>



- Notes**
- All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
  - Net costs and benefits calculated using a discount rate of 3 percent per annum

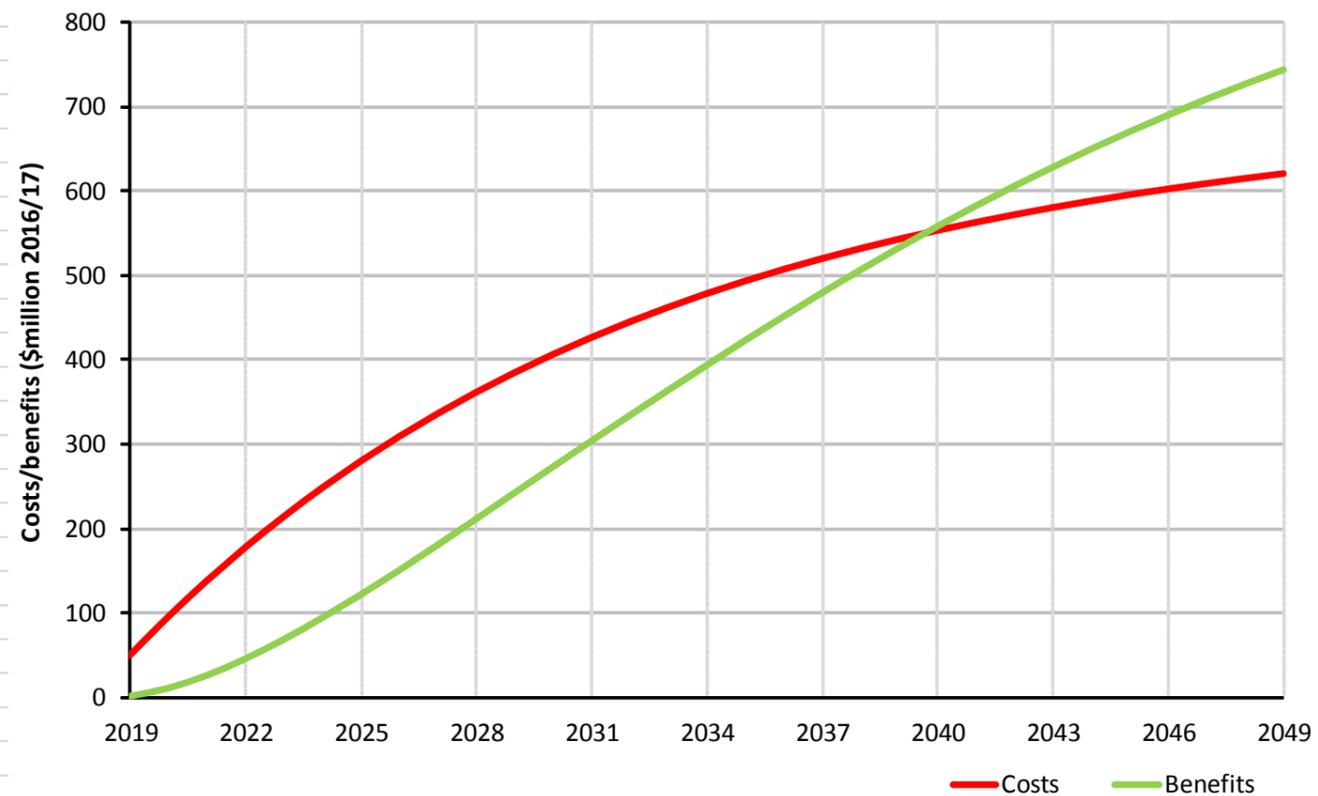
**CBA of proposal over 30 years – including 17 year-olds as well as convictable traffic offences not punishable by imprisonment**

Scenario 2 – using assumptions about reduced youth justice intake between 2015 – 2019, but no further reduced volumes from 2019 – 7% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction																															
Costs/Benefits <sup>1</sup>	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
<b>Annual costs:</b>																															
Police	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	
Child, Youth and Family	33.3	33.0	32.6	32.2	31.9	31.5	31.2	30.8	30.5	30.2	29.8	29.5	29.2	28.8	28.5	28.2	27.9	27.6	27.3	27.0	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	
Justice/Courts	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	
Corrections	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	
<b>Total costs</b>	<b>49.4</b>	<b>49.1</b>	<b>48.7</b>	<b>48.3</b>	<b>48.0</b>	<b>47.6</b>	<b>47.3</b>	<b>46.9</b>	<b>46.6</b>	<b>46.3</b>	<b>45.9</b>	<b>45.6</b>	<b>45.3</b>	<b>44.9</b>	<b>44.6</b>	<b>44.3</b>	<b>44.0</b>	<b>43.7</b>	<b>43.4</b>	<b>43.1</b>	<b>42.8</b>										
<b>Total Costs (Net)<sup>2</sup></b>	<b>49.4</b>	<b>45.9</b>	<b>42.5</b>	<b>39.5</b>	<b>36.6</b>	<b>34.0</b>	<b>31.5</b>	<b>29.2</b>	<b>27.1</b>	<b>25.2</b>	<b>23.3</b>	<b>21.7</b>	<b>20.1</b>	<b>18.6</b>	<b>17.3</b>	<b>16.1</b>	<b>14.9</b>	<b>13.8</b>	<b>12.8</b>	<b>11.9</b>	<b>11.1</b>	<b>10.3</b>	<b>9.7</b>	<b>9.0</b>	<b>8.4</b>	<b>7.9</b>	<b>7.4</b>	<b>6.9</b>	<b>6.4</b>	<b>6.0</b>	<b>5.6</b>
<b>Annual benefits:</b>																															
<b>Public Sector (Crime Related)</b>																															
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4										
Corrections	0.1	0.4	0.8	1.1	1.4	1.7	2.0	2.2	2.5	2.7	3.0	3.1	3.3	3.5	3.7	3.9	4.1	4.3	4.5	4.7	4.8										
Other Public Sector	0.1	0.5	0.9	1.2	1.4	1.6	1.8	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.3										
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.7</b>	<b>1.4</b>	<b>2.2</b>	<b>3.0</b>	<b>3.8</b>	<b>4.7</b>	<b>5.5</b>	<b>6.4</b>	<b>7.3</b>	<b>8.2</b>	<b>9.1</b>	<b>10.0</b>	<b>10.9</b>	<b>11.8</b>	<b>12.7</b>	<b>13.5</b>	<b>14.4</b>	<b>15.3</b>	<b>16.2</b>	<b>17.1</b>										
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.8</b>	<b>3.4</b>	<b>5.0</b>	<b>6.4</b>	<b>7.9</b>	<b>9.2</b>	<b>10.6</b>	<b>11.9</b>	<b>13.2</b>	<b>14.5</b>	<b>15.7</b>	<b>16.9</b>	<b>18.2</b>	<b>19.4</b>	<b>20.6</b>	<b>21.9</b>	<b>23.1</b>	<b>24.3</b>	<b>25.5</b>	<b>26.7</b>										
Private Sector (crime-related) <sup>4</sup>	0.9	6.7	10.6	13.9	16.6	19.0	21.0	23.2	25.1	26.9	28.5	29.2	30.4	31.3	32.6	33.8	35.5	36.4	37.5	38.1	38.6										
Benefits for youth <sup>5</sup>	0.0	1.7	3.3	5.2	7.1	9.0	10.8	12.7	14.5	16.3	18.1	20.0	21.8	23.6	25.4	27.2	29.0	30.8	32.6	34.4	36.2										
<b>Total Benefits</b>	<b>1.0</b>	<b>10.1</b>	<b>17.4</b>	<b>24.1</b>	<b>30.1</b>	<b>35.9</b>	<b>41.0</b>	<b>46.5</b>	<b>51.5</b>	<b>56.4</b>	<b>61.2</b>	<b>64.9</b>	<b>69.1</b>	<b>73.0</b>	<b>77.4</b>	<b>81.6</b>	<b>86.4</b>	<b>90.3</b>	<b>94.4</b>	<b>98.0</b>	<b>101.5</b>	<b>104.8</b>	<b>108.0</b>	<b>111.1</b>	<b>114.0</b>	<b>116.9</b>	<b>119.6</b>	<b>122.2</b>	<b>124.7</b>	<b>127.2</b>	<b>129.5</b>
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>9.5</b>	<b>15.2</b>	<b>19.7</b>	<b>23.0</b>	<b>25.6</b>	<b>27.3</b>	<b>29.0</b>	<b>30.0</b>	<b>30.7</b>	<b>31.1</b>	<b>30.8</b>	<b>30.7</b>	<b>30.3</b>	<b>30.0</b>	<b>29.6</b>	<b>29.3</b>	<b>28.6</b>	<b>27.9</b>	<b>27.1</b>	<b>26.2</b>	<b>25.3</b>	<b>24.4</b>	<b>23.4</b>	<b>22.5</b>	<b>21.5</b>	<b>20.6</b>	<b>19.7</b>	<b>18.8</b>	<b>17.9</b>	<b>17.0</b>
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-48.4</b>	<b>-36.4</b>	<b>-27.4</b>	<b>-19.8</b>	<b>-13.6</b>	<b>-8.4</b>	<b>-4.2</b>	<b>-0.3</b>	<b>2.9</b>	<b>5.5</b>	<b>7.8</b>	<b>9.2</b>	<b>10.6</b>	<b>11.6</b>	<b>12.7</b>	<b>13.5</b>	<b>14.4</b>	<b>14.8</b>	<b>15.1</b>	<b>15.2</b>	<b>15.2</b>	<b>15.0</b>	<b>14.7</b>	<b>14.4</b>	<b>14.0</b>	<b>13.7</b>	<b>13.2</b>	<b>12.8</b>	<b>12.3</b>	<b>11.9</b>	<b>11.4</b>
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-85</b>	<b>-112</b>	<b>-132</b>	<b>-146</b>	<b>-154</b>	<b>-158</b>	<b>-158</b>	<b>-156</b>	<b>-150</b>	<b>-142</b>	<b>-133</b>	<b>-122</b>	<b>-111</b>	<b>-98</b>	<b>-85</b>	<b>-70</b>	<b>-56</b>	<b>-40</b>	<b>-25</b>	<b>-10</b>	<b>5</b>	<b>20</b>	<b>34</b>	<b>48</b>	<b>62</b>	<b>75</b>	<b>88</b>	<b>100</b>	<b>112</b>	<b>123</b>
<b>Notes</b>																															
1. All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains																															
2. Net costs and benefits calculated using a discount rate of 7 percent per annum																															
3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age																															
4. Private sector benefits were estimated using unit crime costs calculated by the NZ Treasury																															
5. Benefits for youth were estimated based on differences in mean earnings, and employment and benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI																															
6. All values rounded to nearest \$100,000																															
7. This equates to the cumulative net difference between costs and benefits since 2019																															

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, and all 14-17 year-olds charged with a non-imprisonable traffic offence, into the Youth Justice system in 2019, and assuming a 15 percent reduction in reoffending due to change in jurisdiction**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	95	138	177	214	248	279	309	336	361	384	406	426	445	462	478	493	507	519	531	542	553	562	571	580	588	595	602	608	614	620
Benefits	1	11	26	45	68	94	121	150	180	211	242	273	303	334	364	393	423	451	479	506	532	558	582	606	628	650	670	690	709	726	743
<b>Net Benefit</b>	<b>-48</b>	<b>-85</b>	<b>-112</b>	<b>-132</b>	<b>-146</b>	<b>-154</b>	<b>-158</b>	<b>-158</b>	<b>-156</b>	<b>-150</b>	<b>-142</b>	<b>-133</b>	<b>-122</b>	<b>-111</b>	<b>-98</b>	<b>-85</b>	<b>-70</b>	<b>-56</b>	<b>-40</b>	<b>-25</b>	<b>-10</b>	<b>5</b>	<b>20</b>	<b>34</b>	<b>48</b>	<b>62</b>	<b>75</b>	<b>88</b>	<b>100</b>	<b>112</b>	<b>123</b>



**Notes**

1. All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
2. Net costs and benefits calculated using a discount rate of 7 percent per annum

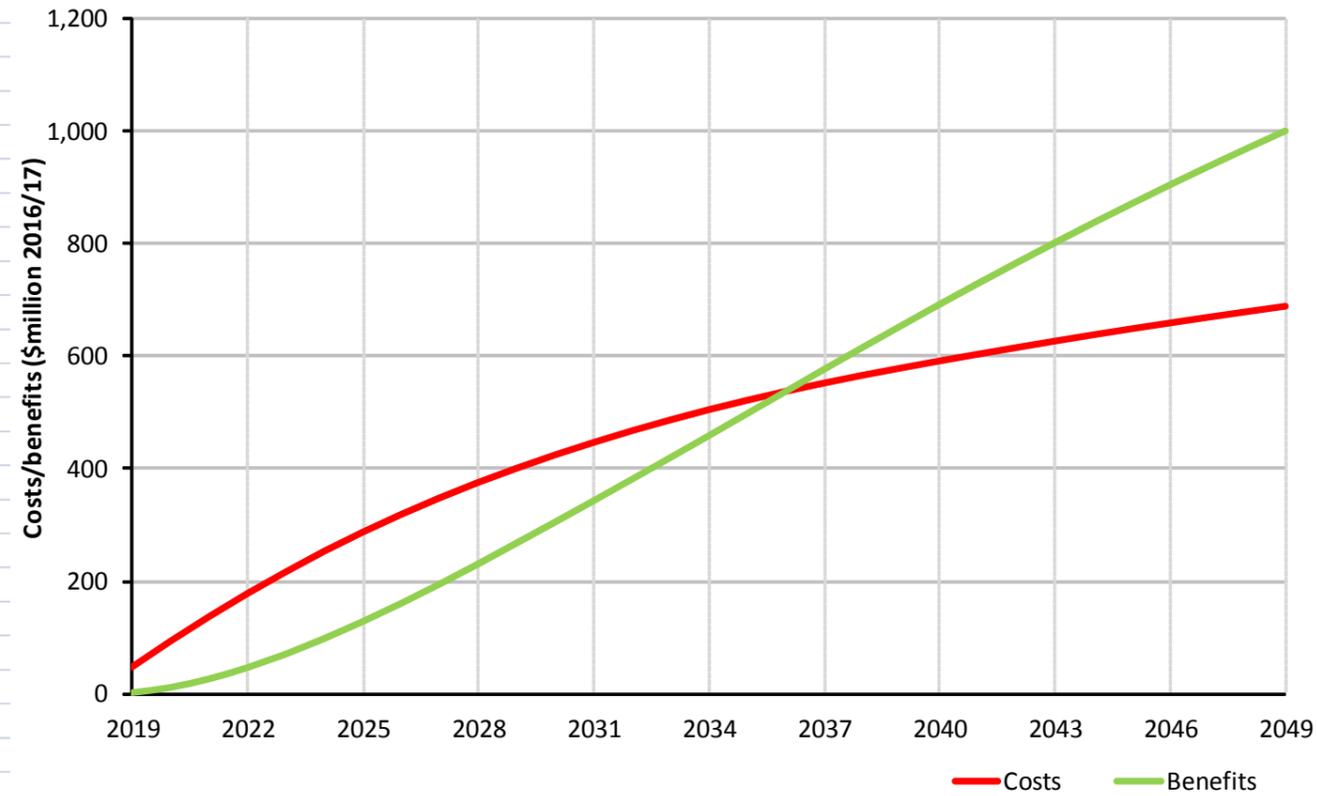
**CBA of proposal over 30 years – including 17 year-olds only**

Scenario 1 – using assumptions about an ongoing reduced youth justice intake resulting from *Investing in Children* reforms – 3% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)																																
Costs/Benefits <sup>1</sup>	Year																															
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	
<b>Annual costs:</b>																																
Police	15.0	14.7	14.4	14.1	13.8	13.5	13.0	12.6	12.1	11.7	11.3	10.9	10.6	10.3	10.0	9.7	9.4	9.1	8.8	8.5	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	
Child, Youth and Family	32.9	31.9	30.9	29.9	29.0	28.0	26.7	25.5	24.3	23.2	22.1	21.2	20.4	19.5	18.7	18.0	17.2	16.5	15.8	15.1	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	
Justice/Courts	2.3	2.2	2.2	2.1	2.1	2.0	2.0	1.9	1.8	1.8	1.7	1.6	1.6	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
Corrections	-1.5	-1.4	-1.4	-1.4	-1.3	-1.3	-1.3	-1.2	-1.2	-1.1	-1.1	-1.1	-1.0	-1.0	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
<b>Total costs</b>	<b>48.7</b>	<b>47.4</b>	<b>46.0</b>	<b>44.7</b>	<b>43.5</b>	<b>42.3</b>	<b>40.5</b>	<b>38.7</b>	<b>37.1</b>	<b>35.5</b>	<b>33.9</b>	<b>32.7</b>	<b>31.5</b>	<b>30.4</b>	<b>29.2</b>	<b>28.1</b>	<b>27.1</b>	<b>26.1</b>	<b>25.1</b>	<b>24.1</b>	<b>23.2</b>											
<b>Total Costs (Net)<sup>2</sup></b>	<b>48.7</b>	<b>46.0</b>	<b>43.4</b>	<b>40.9</b>	<b>38.6</b>	<b>36.5</b>	<b>33.9</b>	<b>31.5</b>	<b>29.3</b>	<b>27.2</b>	<b>25.3</b>	<b>23.6</b>	<b>22.1</b>	<b>20.7</b>	<b>19.3</b>	<b>18.1</b>	<b>16.9</b>	<b>15.8</b>	<b>14.7</b>	<b>13.8</b>	<b>12.8</b>	<b>12.5</b>	<b>12.1</b>	<b>11.7</b>	<b>11.4</b>	<b>11.1</b>	<b>10.8</b>	<b>10.4</b>	<b>10.1</b>	<b>9.8</b>	<b>9.6</b>	
<b>Annual benefits:</b>																																
<b>Public Sector (Crime Related)</b>																																
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	
Corrections	0.1	0.4	0.7	1.0	1.2	1.5	1.7	2.0	2.2	2.3	2.5	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.3	3.4											
Other Public Sector	0.1	0.5	0.8	1.1	1.3	1.4	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.2											
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.6</b>	<b>1.2</b>	<b>2.0</b>	<b>2.7</b>	<b>3.4</b>	<b>4.1</b>	<b>4.8</b>	<b>5.5</b>	<b>6.2</b>	<b>6.9</b>	<b>7.5</b>	<b>8.1</b>	<b>8.7</b>	<b>9.3</b>	<b>9.9</b>	<b>10.4</b>	<b>11.0</b>	<b>11.5</b>	<b>12.0</b>	<b>12.5</b>											
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.7</b>	<b>3.2</b>	<b>4.5</b>	<b>5.8</b>	<b>7.0</b>	<b>8.1</b>	<b>9.2</b>	<b>10.2</b>	<b>11.1</b>	<b>12.0</b>	<b>12.8</b>	<b>13.6</b>	<b>14.3</b>	<b>15.0</b>	<b>15.7</b>	<b>16.5</b>	<b>17.1</b>	<b>17.8</b>	<b>18.4</b>	<b>18.9</b>											
Private Sector (crime-related) <sup>4</sup>	0.8	6.3	10.0	12.8	15.1	17.0	18.3	19.9	20.9	21.8	22.6	22.5	22.9	23.0	23.5	23.9	24.7	24.8	25.0	24.8	24.5											
Benefits for youth <sup>5</sup>	0.0	1.5	3.0	4.7	6.3	8.0	9.5	11.1	12.5	13.8	15.1	16.4	17.6	18.8	20.0	21.1	22.2	23.2	24.2	25.2	26.2											
<b>Total Benefits</b>	<b>1.0</b>	<b>9.6</b>	<b>16.1</b>	<b>22.0</b>	<b>27.2</b>	<b>31.9</b>	<b>36.0</b>	<b>40.1</b>	<b>43.5</b>	<b>46.7</b>	<b>49.8</b>	<b>51.7</b>	<b>54.1</b>	<b>56.1</b>	<b>58.5</b>	<b>60.7</b>	<b>63.4</b>	<b>65.2</b>	<b>67.0</b>	<b>68.4</b>	<b>69.6</b>	<b>70.7</b>	<b>71.6</b>	<b>72.4</b>	<b>73.1</b>	<b>73.7</b>	<b>74.2</b>	<b>74.7</b>	<b>75.1</b>	<b>75.4</b>	<b>75.7</b>	
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>9.3</b>	<b>15.2</b>	<b>20.1</b>	<b>24.1</b>	<b>27.5</b>	<b>30.1</b>	<b>32.6</b>	<b>34.4</b>	<b>35.8</b>	<b>37.0</b>	<b>37.4</b>	<b>37.9</b>	<b>38.2</b>	<b>38.7</b>	<b>39.0</b>	<b>39.5</b>	<b>39.4</b>	<b>39.4</b>	<b>39.0</b>	<b>38.5</b>	<b>38.0</b>	<b>37.4</b>	<b>36.7</b>	<b>35.9</b>	<b>35.2</b>	<b>34.4</b>	<b>33.6</b>	<b>32.8</b>	<b>32.0</b>	<b>31.2</b>	
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-47.8</b>	<b>-36.7</b>	<b>-28.2</b>	<b>-20.8</b>	<b>-14.5</b>	<b>-8.9</b>	<b>-3.8</b>	<b>1.1</b>	<b>5.1</b>	<b>8.6</b>	<b>11.8</b>	<b>13.7</b>	<b>15.8</b>	<b>17.6</b>	<b>19.4</b>	<b>20.9</b>	<b>22.6</b>	<b>23.7</b>	<b>24.7</b>	<b>25.3</b>	<b>25.7</b>	<b>25.5</b>	<b>25.3</b>	<b>24.9</b>	<b>24.5</b>	<b>24.1</b>	<b>23.7</b>	<b>23.2</b>	<b>22.7</b>	<b>22.2</b>	<b>21.6</b>	
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-84</b>	<b>-113</b>	<b>-133</b>	<b>-148</b>	<b>-157</b>	<b>-161</b>	<b>-160</b>	<b>-154</b>	<b>-146</b>	<b>-134</b>	<b>-120</b>	<b>-104</b>	<b>-87</b>	<b>-68</b>	<b>-47</b>	<b>-24</b>	<b>0</b>	<b>24</b>	<b>50</b>	<b>75</b>	<b>101</b>	<b>126</b>	<b>151</b>	<b>176</b>	<b>200</b>	<b>223</b>	<b>246</b>	<b>269</b>	<b>291</b>	<b>313</b>	
<b>Notes</b>	<p>1. All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains</p> <p>2. Net costs and benefits calculated using a discount rate of 3 percent per annum</p> <p>3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age</p> <p>4. Private sector benefits were estimated using unit crime costs calculated by the NZ Treasury</p> <p>5. Benefits for youth were estimated based on differences in mean earnings, and employment and benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI</p> <p>6. All values rounded to nearest \$100,000</p> <p>7. This equates to the cumulative net difference between costs and benefits since 2019</p>																															

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	95	138	179	218	254	288	320	349	376	401	425	447	468	487	505	522	538	552	566	579	591	604	615	627	638	649	659	669	679	689
Benefits	1	10	25	46	70	97	127	160	194	230	267	305	343	381	419	458	498	537	577	616	654	692	730	766	802	837	872	905	938	970	1001
<b>Net Benefit</b>	<b>-48</b>	<b>-84</b>	<b>-113</b>	<b>-133</b>	<b>-148</b>	<b>-157</b>	<b>-161</b>	<b>-160</b>	<b>-154</b>	<b>-146</b>	<b>-134</b>	<b>-120</b>	<b>-104</b>	<b>-87</b>	<b>-68</b>	<b>-47</b>	<b>-24</b>	<b>0</b>	<b>24</b>	<b>50</b>	<b>75</b>	<b>101</b>	<b>126</b>	<b>151</b>	<b>176</b>	<b>200</b>	<b>223</b>	<b>246</b>	<b>269</b>	<b>291</b>	<b>313</b>



**Notes**

1. All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
2. Net costs and benefits calculated using a discount rate of 3 percent per annum

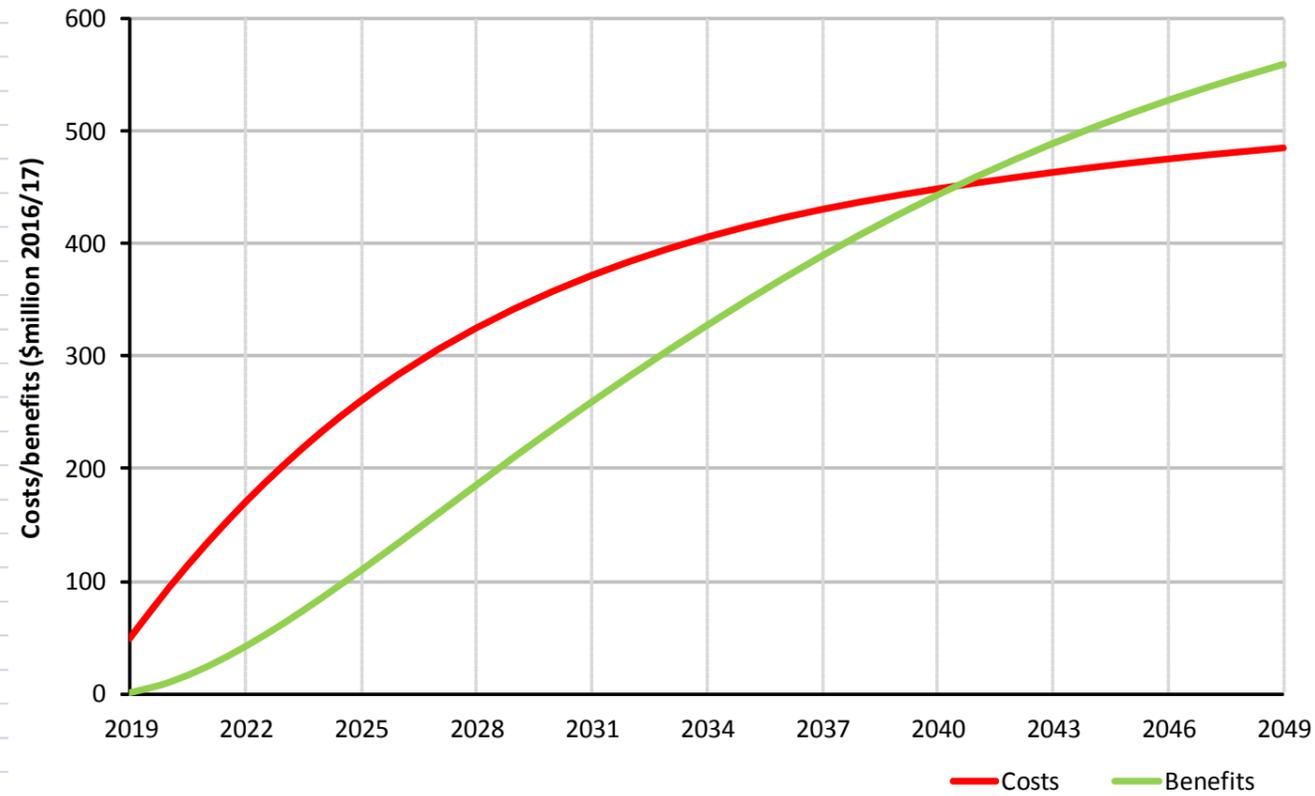
**CBA of proposal over 30 years – including 17 year-olds only**

Scenario 1 – using assumptions about an ongoing reduced youth justice intake resulting from *Investing in Children* reforms – 7% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)																															
Costs/Benefits <sup>1</sup>	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
<b>Annual costs:</b>																															
Police	15.0	14.7	14.4	14.1	13.8	13.5	13.0	12.6	12.1	11.7	11.3	10.9	10.6	10.3	10.0	9.7	9.4	9.1	8.8	8.5	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	
Child, Youth and Family	32.9	31.9	30.9	29.9	29.0	28.0	26.7	25.5	24.3	23.2	22.1	21.2	20.4	19.5	18.7	18.0	17.2	16.5	15.8	15.1	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	
Justice/Courts	2.3	2.2	2.2	2.1	2.1	2.0	2.0	1.9	1.8	1.8	1.7	1.6	1.6	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
Corrections	-1.5	-1.4	-1.4	-1.4	-1.3	-1.3	-1.3	-1.2	-1.2	-1.1	-1.1	-1.1	-1.0	-1.0	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
<b>Total costs</b>	<b>48.7</b>	<b>47.4</b>	<b>46.0</b>	<b>44.7</b>	<b>43.5</b>	<b>42.3</b>	<b>40.5</b>	<b>38.7</b>	<b>37.1</b>	<b>35.5</b>	<b>33.9</b>	<b>32.7</b>	<b>31.5</b>	<b>30.4</b>	<b>29.2</b>	<b>28.1</b>	<b>27.1</b>	<b>26.1</b>	<b>25.1</b>	<b>24.1</b>	<b>23.2</b>										
<b>Total Costs (Net)<sup>2</sup></b>	<b>48.7</b>	<b>44.3</b>	<b>40.2</b>	<b>36.5</b>	<b>33.2</b>	<b>30.1</b>	<b>27.0</b>	<b>24.1</b>	<b>21.6</b>	<b>19.3</b>	<b>17.3</b>	<b>15.5</b>	<b>14.0</b>	<b>12.6</b>	<b>11.3</b>	<b>10.2</b>	<b>9.2</b>	<b>8.3</b>	<b>7.4</b>	<b>6.7</b>	<b>6.0</b>	<b>5.6</b>	<b>5.2</b>	<b>4.9</b>	<b>4.6</b>	<b>4.3</b>	<b>4.0</b>	<b>3.7</b>	<b>3.5</b>	<b>3.3</b>	<b>3.0</b>
<b>Annual benefits:</b>																															
<b>Public Sector (Crime Related)</b>																															
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	
Corrections	0.1	0.4	0.7	1.0	1.2	1.5	1.7	2.0	2.2	2.3	2.5	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.3	3.4										
Other Public Sector	0.1	0.5	0.8	1.1	1.3	1.4	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.2										
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.6</b>	<b>1.2</b>	<b>2.0</b>	<b>2.7</b>	<b>3.4</b>	<b>4.1</b>	<b>4.8</b>	<b>5.5</b>	<b>6.2</b>	<b>6.9</b>	<b>7.5</b>	<b>8.1</b>	<b>8.7</b>	<b>9.3</b>	<b>9.9</b>	<b>10.4</b>	<b>11.0</b>	<b>11.5</b>	<b>12.0</b>	<b>12.5</b>										
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.7</b>	<b>3.2</b>	<b>4.5</b>	<b>5.8</b>	<b>7.0</b>	<b>8.1</b>	<b>9.2</b>	<b>10.2</b>	<b>11.1</b>	<b>12.0</b>	<b>12.8</b>	<b>13.6</b>	<b>14.3</b>	<b>15.0</b>	<b>15.7</b>	<b>16.5</b>	<b>17.1</b>	<b>17.8</b>	<b>18.4</b>	<b>18.9</b>										
Private Sector (crime-related) <sup>4</sup>	0.8	6.3	10.0	12.8	15.1	17.0	18.3	19.9	20.9	21.8	22.6	22.5	22.9	23.0	23.5	23.9	24.7	24.8	25.0	24.8	24.5										
Benefits for youth <sup>5</sup>	0.0	1.5	3.0	4.7	6.3	8.0	9.5	11.1	12.5	13.8	15.1	16.4	17.6	18.8	20.0	21.1	22.2	23.2	24.2	25.2	26.2										
<b>Total Benefits</b>	<b>1.0</b>	<b>9.6</b>	<b>16.1</b>	<b>22.0</b>	<b>27.2</b>	<b>31.9</b>	<b>36.0</b>	<b>40.1</b>	<b>43.5</b>	<b>46.7</b>	<b>49.8</b>	<b>51.7</b>	<b>54.1</b>	<b>56.1</b>	<b>58.5</b>	<b>60.7</b>	<b>63.4</b>	<b>65.2</b>	<b>67.0</b>	<b>68.4</b>	<b>69.6</b>	<b>70.7</b>	<b>71.6</b>	<b>72.4</b>	<b>73.1</b>	<b>73.7</b>	<b>74.2</b>	<b>74.7</b>	<b>75.1</b>	<b>75.4</b>	<b>75.7</b>
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>8.9</b>	<b>14.1</b>	<b>17.9</b>	<b>20.7</b>	<b>22.8</b>	<b>24.0</b>	<b>25.0</b>	<b>25.3</b>	<b>25.4</b>	<b>25.3</b>	<b>24.6</b>	<b>24.0</b>	<b>23.3</b>	<b>22.7</b>	<b>22.0</b>	<b>21.5</b>	<b>20.6</b>	<b>19.8</b>	<b>18.9</b>	<b>18.0</b>	<b>17.1</b>	<b>16.2</b>	<b>15.3</b>	<b>14.4</b>	<b>13.6</b>	<b>12.8</b>	<b>12.0</b>	<b>11.3</b>	<b>10.6</b>	<b>9.9</b>
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-47.8</b>	<b>-35.3</b>	<b>-26.1</b>	<b>-18.6</b>	<b>-12.4</b>	<b>-7.4</b>	<b>-3.0</b>	<b>0.9</b>	<b>3.8</b>	<b>6.1</b>	<b>8.0</b>	<b>9.0</b>	<b>10.0</b>	<b>10.7</b>	<b>11.4</b>	<b>11.8</b>	<b>12.3</b>	<b>12.4</b>	<b>12.4</b>	<b>12.3</b>	<b>12.0</b>	<b>11.5</b>	<b>10.9</b>	<b>10.4</b>	<b>9.8</b>	<b>9.3</b>	<b>8.8</b>	<b>8.3</b>	<b>7.8</b>	<b>7.3</b>	<b>6.9</b>
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-83</b>	<b>-109</b>	<b>-128</b>	<b>-140</b>	<b>-148</b>	<b>-151</b>	<b>-150</b>	<b>-146</b>	<b>-140</b>	<b>-132</b>	<b>-123</b>	<b>-113</b>	<b>-102</b>	<b>-91</b>	<b>-79</b>	<b>-67</b>	<b>-54</b>	<b>-42</b>	<b>-30</b>	<b>-18</b>	<b>-6</b>	<b>5</b>	<b>15</b>	<b>25</b>	<b>34</b>	<b>43</b>	<b>51</b>	<b>59</b>	<b>67</b>	<b>73</b>
<b>Notes</b>																															
1. All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains																															
2. Net costs and benefits calculated using a discount rate of 7 percent per annum																															
3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age																															
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6. All values rounded to nearest \$100,000																															
7. This equates to the cumulative net difference between costs and benefits since 2019																															

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	93	133	170	203	233	260	284	306	325	342	358	372	384	396	406	415	423	431	437	443	449	454	459	464	468	472	476	479	482	486
Benefits	1	10	24	42	63	85	109	134	160	185	210	235	259	282	305	327	348	369	389	408	426	443	459	474	489	502	515	527	538	549	559
<b>Net Benefit</b>	<b>-48</b>	<b>-83</b>	<b>-109</b>	<b>-128</b>	<b>-140</b>	<b>-148</b>	<b>-151</b>	<b>-150</b>	<b>-146</b>	<b>-140</b>	<b>-132</b>	<b>-123</b>	<b>-113</b>	<b>-102</b>	<b>-91</b>	<b>-79</b>	<b>-67</b>	<b>-54</b>	<b>-42</b>	<b>-30</b>	<b>-18</b>	<b>-6</b>	<b>5</b>	<b>15</b>	<b>25</b>	<b>34</b>	<b>43</b>	<b>51</b>	<b>59</b>	<b>67</b>	<b>73</b>



**Notes**

1. All costs and benefits are calculated assuming a -10% change in volumes from 2019 to 2024, a -15% change in volumes from 2024 to 2029, and a -20% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
2. Net costs and benefits calculated using a discount rate of 7 percent per annum

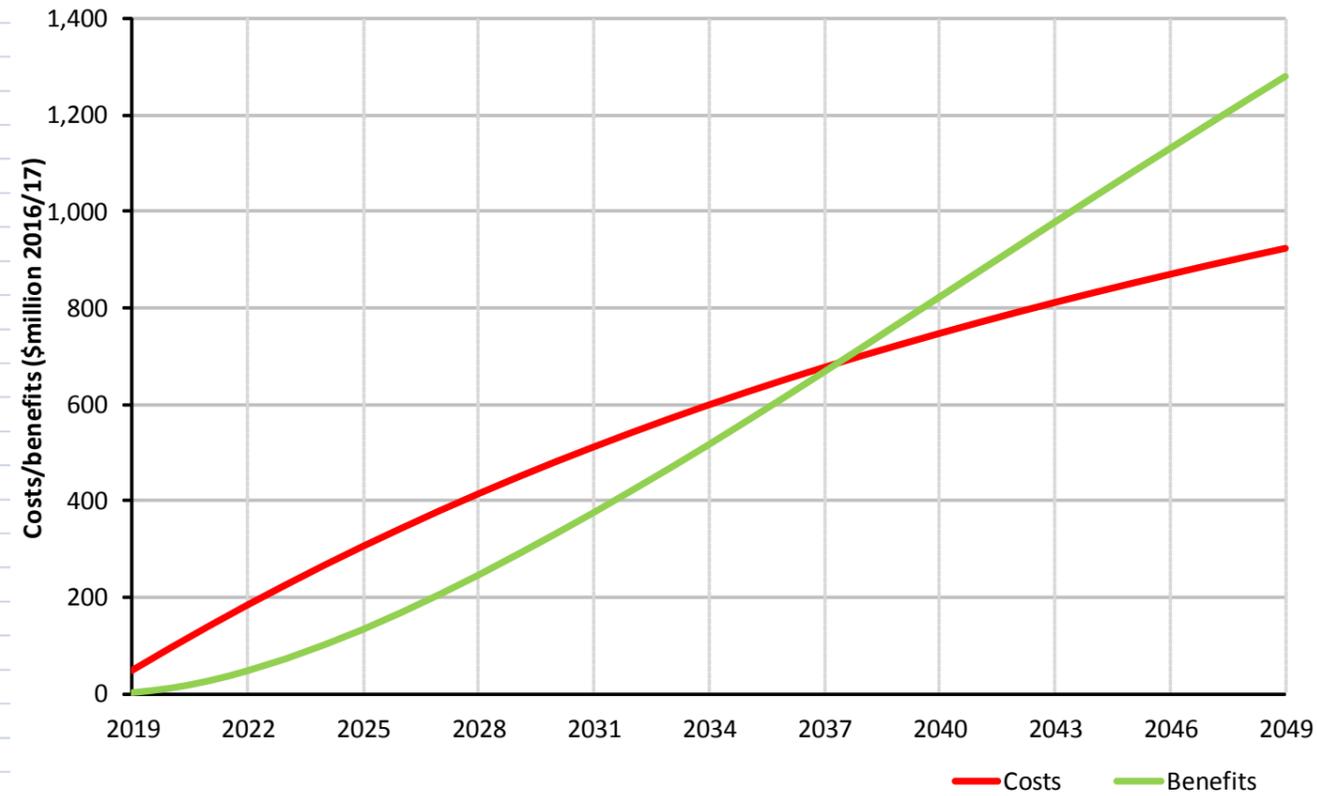
**CBA of proposal over 30 years – including 17 year-olds only**

Scenario 2 – using assumptions about reduced youth justice intake between 2015 – 2019, but no further reduced volumes from 2019 – 3% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)																																
Costs/Benefits <sup>1</sup>	Year																															
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	
<b>Annual costs:</b>																																
Police	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Child, Youth and Family	32.9	32.6	32.2	31.9	31.5	31.2	30.8	30.5	30.1	29.8	29.5	29.1	28.8	28.5	28.2	27.9	27.6	27.2	26.9	26.6	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	
Justice/Courts	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	
Corrections	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	
<b>Total costs</b>	<b>48.7</b>	<b>48.4</b>	<b>48.0</b>	<b>47.7</b>	<b>47.3</b>	<b>47.0</b>	<b>46.6</b>	<b>46.3</b>	<b>45.9</b>	<b>45.6</b>	<b>45.3</b>	<b>44.9</b>	<b>44.6</b>	<b>44.3</b>	<b>44.0</b>	<b>43.7</b>	<b>43.4</b>	<b>43.1</b>	<b>42.7</b>	<b>42.5</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>		
<b>Total Costs (Net)<sup>2</sup></b>	<b>48.7</b>	<b>47.0</b>	<b>45.3</b>	<b>43.6</b>	<b>42.0</b>	<b>40.5</b>	<b>39.0</b>	<b>37.6</b>	<b>36.3</b>	<b>34.9</b>	<b>33.7</b>	<b>32.5</b>	<b>31.3</b>	<b>30.2</b>	<b>29.1</b>	<b>28.0</b>	<b>27.0</b>	<b>26.0</b>	<b>25.1</b>	<b>24.2</b>	<b>23.3</b>	<b>22.7</b>	<b>22.0</b>	<b>21.4</b>	<b>20.7</b>	<b>20.1</b>	<b>19.5</b>	<b>19.0</b>	<b>18.4</b>	<b>17.9</b>	<b>17.4</b>	
<b>Annual benefits:</b>																																
<b>Public Sector (Crime Related)</b>																																
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3											
Corrections	0.1	0.4	0.7	1.0	1.3	1.6	1.8	2.1	2.3	2.6	2.8	3.0	3.1	3.3	3.5	3.7	3.9	4.1	4.2	4.4	4.5											
Other Public Sector	0.1	0.5	0.8	1.1	1.3	1.5	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	3.0	3.1											
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.6</b>	<b>1.2</b>	<b>2.0</b>	<b>2.8</b>	<b>3.5</b>	<b>4.3</b>	<b>5.1</b>	<b>5.9</b>	<b>6.7</b>	<b>7.6</b>	<b>8.4</b>	<b>9.2</b>	<b>10.1</b>	<b>10.9</b>	<b>11.7</b>	<b>12.6</b>	<b>13.4</b>	<b>14.2</b>	<b>15.1</b>	<b>15.9</b>											
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.7</b>	<b>3.2</b>	<b>4.6</b>	<b>6.0</b>	<b>7.3</b>	<b>8.6</b>	<b>9.8</b>	<b>11.1</b>	<b>12.3</b>	<b>13.5</b>	<b>14.6</b>	<b>15.7</b>	<b>16.9</b>	<b>18.0</b>	<b>19.1</b>	<b>20.3</b>	<b>21.5</b>	<b>22.6</b>	<b>23.7</b>	<b>24.8</b>											
Private Sector (crime-related) <sup>4</sup>	0.8	6.4	10.1	13.1	15.7	17.9	19.6	21.7	23.2	24.7	26.2	26.8	27.8	28.6	29.8	30.9	32.4	33.3	34.2	34.8	35.2											
Benefits for youth <sup>5</sup>	0.0	1.5	3.0	4.8	6.5	8.3	10.0	11.8	13.5	15.1	16.8	18.5	20.2	21.9	23.5	25.2	26.9	28.6	30.3	31.9	33.6											
<b>Total Benefits</b>	<b>1.0</b>	<b>9.6</b>	<b>16.4</b>	<b>22.5</b>	<b>28.2</b>	<b>33.5</b>	<b>38.2</b>	<b>43.3</b>	<b>47.7</b>	<b>52.1</b>	<b>56.5</b>	<b>59.9</b>	<b>63.8</b>	<b>67.4</b>	<b>71.4</b>	<b>75.3</b>	<b>79.7</b>	<b>83.3</b>	<b>87.1</b>	<b>90.4</b>	<b>93.6</b>	<b>96.7</b>	<b>99.7</b>	<b>102.5</b>	<b>105.2</b>	<b>107.9</b>	<b>110.4</b>	<b>112.9</b>	<b>115.2</b>	<b>117.5</b>	<b>119.7</b>	
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>9.3</b>	<b>15.4</b>	<b>20.6</b>	<b>25.0</b>	<b>28.9</b>	<b>32.0</b>	<b>35.2</b>	<b>37.7</b>	<b>39.9</b>	<b>42.0</b>	<b>43.3</b>	<b>44.7</b>	<b>45.9</b>	<b>47.2</b>	<b>48.3</b>	<b>49.7</b>	<b>50.4</b>	<b>51.2</b>	<b>51.6</b>	<b>51.8</b>	<b>52.0</b>	<b>52.0</b>	<b>51.9</b>	<b>51.8</b>	<b>51.5</b>	<b>51.2</b>	<b>50.8</b>	<b>50.4</b>	<b>49.9</b>	<b>49.3</b>	
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-47.8</b>	<b>-37.7</b>	<b>-29.8</b>	<b>-23.0</b>	<b>-17.0</b>	<b>-11.6</b>	<b>-7.0</b>	<b>-2.4</b>	<b>1.4</b>	<b>5.0</b>	<b>8.3</b>	<b>10.8</b>	<b>13.4</b>	<b>15.7</b>	<b>18.1</b>	<b>20.3</b>	<b>22.6</b>	<b>24.4</b>	<b>26.0</b>	<b>27.4</b>	<b>28.5</b>	<b>29.3</b>	<b>30.0</b>	<b>30.6</b>	<b>31.0</b>	<b>31.4</b>	<b>31.7</b>	<b>31.8</b>	<b>31.9</b>	<b>32.0</b>	<b>31.9</b>	
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-85</b>	<b>-115</b>	<b>-138</b>	<b>-155</b>	<b>-167</b>	<b>-174</b>	<b>-176</b>	<b>-175</b>	<b>-170</b>	<b>-162</b>	<b>-151</b>	<b>-137</b>	<b>-122</b>	<b>-104</b>	<b>-83</b>	<b>-61</b>	<b>-36</b>	<b>-10</b>	<b>17</b>	<b>46</b>	<b>75</b>	<b>105</b>	<b>136</b>	<b>167</b>	<b>198</b>	<b>230</b>	<b>261</b>	<b>293</b>	<b>325</b>	<b>357</b>	
<b>Notes</b>																																
1. All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains																																
2. Net costs and benefits calculated using a discount rate of 3 percent per annum																																
3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age																																
4. Private sector benefits were estimated using unit crime costs calculated by the NZ Treasury																																
5. Benefits for youth were estimated based on differences in mean earnings, and employment and benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI																																
6. All values rounded to nearest \$100,000																																
7. This equates to the cumulative net difference between costs and benefits since 2019																																

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	96	141	185	227	267	306	344	380	415	449	481	512	543	572	600	627	653	678	702	725	748	770	791	812	832	852	871	889	907	925
Benefits	1	10	26	46	71	100	132	167	205	245	287	330	375	421	468	516	566	616	668	719	771	823	875	927	979	1030	1081	1132	1183	1233	1282
<b>Net Benefit</b>	<b>-48</b>	<b>-85</b>	<b>-115</b>	<b>-138</b>	<b>-155</b>	<b>-167</b>	<b>-174</b>	<b>-176</b>	<b>-175</b>	<b>-170</b>	<b>-162</b>	<b>-151</b>	<b>-137</b>	<b>-122</b>	<b>-104</b>	<b>-83</b>	<b>-61</b>	<b>-36</b>	<b>-10</b>	<b>17</b>	<b>46</b>	<b>75</b>	<b>105</b>	<b>136</b>	<b>167</b>	<b>198</b>	<b>230</b>	<b>261</b>	<b>293</b>	<b>325</b>	<b>357</b>



**Notes**

1. All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
2. Net costs and benefits calculated using a discount rate of 3 percent per annum

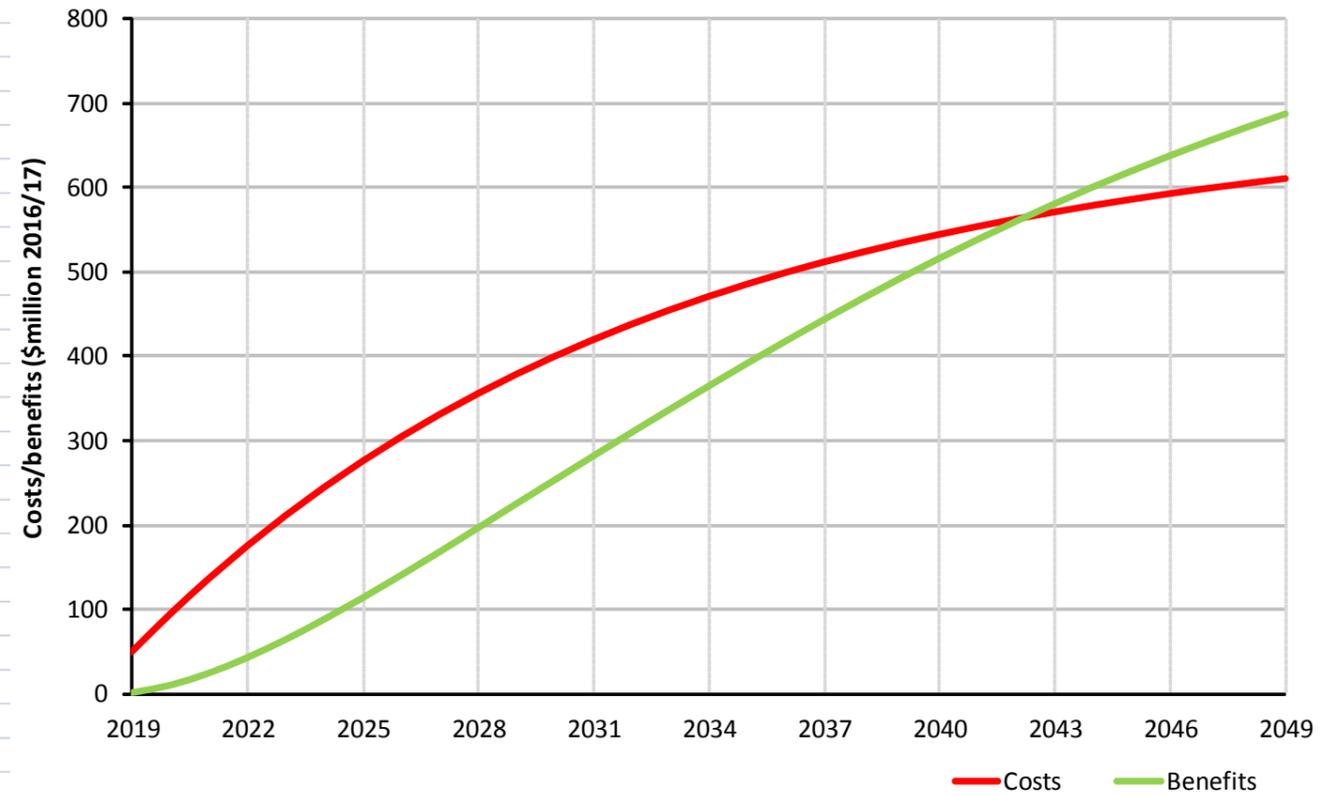
**CBA of proposal over 30 years – including 17 year-olds only**

Scenario 2 – using assumptions about reduced youth justice intake between 2015 – 2019, but no further reduced volumes from 2019 – 7% discount rate

Estimated annual costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)																															
Costs/Benefits <sup>1</sup>	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
<b>Annual costs:</b>																															
Police	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Child, Youth and Family	32.9	32.6	32.2	31.9	31.5	31.2	30.8	30.5	30.1	29.8	29.5	29.1	28.8	28.5	28.2	27.9	27.6	27.2	26.9	26.6	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Justice/Courts	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Corrections	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5
<b>Total costs</b>	<b>48.7</b>	<b>48.4</b>	<b>48.0</b>	<b>47.7</b>	<b>47.3</b>	<b>47.0</b>	<b>46.6</b>	<b>46.3</b>	<b>45.9</b>	<b>45.6</b>	<b>45.3</b>	<b>44.9</b>	<b>44.6</b>	<b>44.3</b>	<b>44.0</b>	<b>43.7</b>	<b>43.4</b>	<b>43.1</b>	<b>42.7</b>	<b>42.5</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	<b>42.2</b>	
<b>Total Costs (Net)<sup>2</sup></b>	<b>48.7</b>	<b>45.2</b>	<b>41.9</b>	<b>38.9</b>	<b>36.1</b>	<b>33.5</b>	<b>31.1</b>	<b>28.8</b>	<b>26.7</b>	<b>24.8</b>	<b>23.0</b>	<b>21.4</b>	<b>19.8</b>	<b>18.4</b>	<b>17.1</b>	<b>15.8</b>	<b>14.7</b>	<b>13.6</b>	<b>12.6</b>	<b>11.7</b>	<b>10.9</b>	<b>10.2</b>	<b>9.5</b>	<b>8.9</b>	<b>8.3</b>	<b>7.8</b>	<b>7.3</b>	<b>6.8</b>	<b>6.3</b>	<b>5.9</b>	<b>5.5</b>
<b>Annual benefits:</b>																															
<b>Public Sector (Crime Related)</b>																															
Justice/Courts	0.0	0.2	0.4	0.5	0.6	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3										
Corrections	0.1	0.4	0.7	1.0	1.3	1.6	1.8	2.1	2.3	2.6	2.8	3.0	3.1	3.3	3.5	3.7	3.9	4.1	4.2	4.4	4.5										
Other Public Sector	0.1	0.5	0.8	1.1	1.3	1.5	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	3.0	3.1										
<b>Public sector (increased tax revenue and reduced benefits)<sup>3</sup></b>	<b>0.0</b>	<b>0.6</b>	<b>1.2</b>	<b>2.0</b>	<b>2.8</b>	<b>3.5</b>	<b>4.3</b>	<b>5.1</b>	<b>5.9</b>	<b>6.7</b>	<b>7.6</b>	<b>8.4</b>	<b>9.2</b>	<b>10.1</b>	<b>10.9</b>	<b>11.7</b>	<b>12.6</b>	<b>13.4</b>	<b>14.2</b>	<b>15.1</b>	<b>15.9</b>										
<b>Total Public Sector</b>	<b>0.2</b>	<b>1.7</b>	<b>3.2</b>	<b>4.6</b>	<b>6.0</b>	<b>7.3</b>	<b>8.6</b>	<b>9.8</b>	<b>11.1</b>	<b>12.3</b>	<b>13.5</b>	<b>14.6</b>	<b>15.7</b>	<b>16.9</b>	<b>18.0</b>	<b>19.1</b>	<b>20.3</b>	<b>21.5</b>	<b>22.6</b>	<b>23.7</b>	<b>24.8</b>										
Private Sector (crime-related) <sup>4</sup>	0.8	6.4	10.1	13.1	15.7	17.9	19.6	21.7	23.2	24.7	26.2	26.8	27.8	28.6	29.8	30.9	32.4	33.3	34.2	34.8	35.2										
Benefits for youth <sup>5</sup>	0.0	1.5	3.0	4.8	6.5	8.3	10.0	11.8	13.5	15.1	16.8	18.5	20.2	21.9	23.5	25.2	26.9	28.6	30.3	31.9	33.6										
<b>Total Benefits</b>	<b>1.0</b>	<b>9.6</b>	<b>16.4</b>	<b>22.5</b>	<b>28.2</b>	<b>33.5</b>	<b>38.2</b>	<b>43.3</b>	<b>47.7</b>	<b>52.1</b>	<b>56.5</b>	<b>59.9</b>	<b>63.8</b>	<b>67.4</b>	<b>71.4</b>	<b>75.3</b>	<b>79.7</b>	<b>83.3</b>	<b>87.1</b>	<b>90.4</b>	<b>93.6</b>	<b>96.7</b>	<b>99.7</b>	<b>102.5</b>	<b>105.2</b>	<b>107.9</b>	<b>110.4</b>	<b>112.9</b>	<b>115.2</b>	<b>117.5</b>	<b>119.7</b>
<b>Total Benefits (Net)<sup>2</sup></b>	<b>1.0</b>	<b>9.0</b>	<b>14.3</b>	<b>18.4</b>	<b>21.5</b>	<b>23.9</b>	<b>25.5</b>	<b>26.9</b>	<b>27.8</b>	<b>28.3</b>	<b>28.7</b>	<b>28.5</b>	<b>28.3</b>	<b>28.0</b>	<b>27.7</b>	<b>27.3</b>	<b>27.0</b>	<b>26.4</b>	<b>25.8</b>	<b>25.0</b>	<b>24.2</b>	<b>23.4</b>	<b>22.5</b>	<b>21.6</b>	<b>20.7</b>	<b>19.9</b>	<b>19.0</b>	<b>18.2</b>	<b>17.3</b>	<b>16.5</b>	<b>15.7</b>
<b>Costs - Benefits (Net)<sup>2</sup></b>	<b>-47.8</b>	<b>-36.3</b>	<b>-27.7</b>	<b>-20.5</b>	<b>-14.6</b>	<b>-9.6</b>	<b>-5.6</b>	<b>-1.9</b>	<b>1.0</b>	<b>3.5</b>	<b>5.7</b>	<b>7.1</b>	<b>8.5</b>	<b>9.6</b>	<b>10.6</b>	<b>11.4</b>	<b>12.3</b>	<b>12.7</b>	<b>13.1</b>	<b>13.3</b>	<b>13.3</b>	<b>13.2</b>	<b>13.0</b>	<b>12.7</b>	<b>12.4</b>	<b>12.1</b>	<b>11.8</b>	<b>11.4</b>	<b>11.0</b>	<b>10.6</b>	<b>10.2</b>
<b>Cumulative Costs - Benefits (Net)<sup>7</sup></b>	<b>-48</b>	<b>-84</b>	<b>-112</b>	<b>-132</b>	<b>-147</b>	<b>-156</b>	<b>-162</b>	<b>-164</b>	<b>-163</b>	<b>-159</b>	<b>-154</b>	<b>-146</b>	<b>-138</b>	<b>-128</b>	<b>-118</b>	<b>-106</b>	<b>-94</b>	<b>-81</b>	<b>-68</b>	<b>-55</b>	<b>-42</b>	<b>-28</b>	<b>-15</b>	<b>-3</b>	<b>10</b>	<b>22</b>	<b>34</b>	<b>45</b>	<b>56</b>	<b>67</b>	<b>77</b>
<b>Notes</b>																															
1. All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains																															
2. Net costs and benefits calculated using a discount rate of 7 percent per annum																															
3. Benefits to the Public sector through increased tax revenue and reduced benefits were estimated based on differences in benefit rates, for those with and without convictions between ages 17 and 22, and for those with and without a conviction by age 18 from the IDI, and using average annual tax on income for those with no qualifications, and jobseeker Support benefits by age																															
4. Private sector benefits were estimated using unit crime costs calculated by the NZ Treasury																															
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6. All values rounded to nearest \$100,000																															
7. This equates to the cumulative net difference between costs and benefits since 2019																															

**Estimated cumulative net costs and benefits (\$million 2016/17) for including all 17 year-olds, excluding those charged with a non-imprisonable traffic offence, into the Youth Justice system (2019-2049)**

	Year																														
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Costs	49	94	136	175	211	244	275	304	331	356	379	400	420	438	455	471	486	500	512	524	535	545	554	563	572	579	587	594	600	606	611
Benefits	1	10	24	43	64	88	113	140	168	197	225	254	282	310	338	365	392	418	444	469	493	517	539	561	581	601	620	639	656	672	688
<b>Net Benefit</b>	<b>-48</b>	<b>-84</b>	<b>-112</b>	<b>-132</b>	<b>-147</b>	<b>-156</b>	<b>-162</b>	<b>-164</b>	<b>-163</b>	<b>-159</b>	<b>-154</b>	<b>-146</b>	<b>-138</b>	<b>-128</b>	<b>-118</b>	<b>-106</b>	<b>-94</b>	<b>-81</b>	<b>-68</b>	<b>-55</b>	<b>-42</b>	<b>-28</b>	<b>-15</b>	<b>-3</b>	<b>10</b>	<b>22</b>	<b>34</b>	<b>45</b>	<b>56</b>	<b>67</b>	<b>77</b>



**Notes**

1. All costs and benefits are calculated assuming a 0% change in volumes from 2019 to 2024, a 0% change in volumes from 2024 to 2029, and a 0% change in volumes from 2029 to 2039, plus a 20% reduction in FGC costs for Oranga Tamariki from 2019 to 2039 through efficiency gains
2. Net costs and benefits calculated using a discount rate of 7 percent per annum

## Endnotes

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<sup>1</sup> The manner in which a child or young person is dealt with in the youth justice system depends on their age and the nature of their offending. Children aged 10 to 13 may only be prosecuted in limited circumstances, based on the severity of the offending and the age of the child. A child aged 10 or 11 cannot be prosecuted unless they have been charged with murder or manslaughter.

<sup>2</sup> Offenders aged 14-16 can be dealt with by the adult system if they commit an offence excluded from the jurisdiction of the Youth Court (e.g. murder or manslaughter) or if they request a jury trial in respect of a Category 3 or 4 offence. Offenders aged 17 can be dealt with by the youth justice system if they have co-defendants aged 14-16, a jury trial is not elected, and the Youth Court judge considers it is in the interests of justice for the case to be heard in Youth Court..

<sup>3</sup> BIO, S. (2003). Beyond raging hormones: The tinderbox in the teenage brain. In *Cerebrum: The Dana forum on brain science* (Vol. 5, No. 3, pp. 7-22); Giedd, J. N., Blumenthal, J., Jeffries, N. O., Castellanos, F. X., Liu, H., Zijdenbos, A., ... & Rapoport, J. L. (1999). Brain development during childhood and adolescence: a longitudinal MRI study. *Nature neuroscience*, 2(10), 861-863; Giedd, J. N. (2004). Structural magnetic resonance imaging of the adolescent brain. *Annals of the New York Academy of Sciences*, 1021(1), 77-85; Casey, B. J., Jones, R. M., & Hare, T. A. (2008). The Adolescent Brain. *Annals of the New York Academy of Sciences*, 1124, 111–126.

<sup>4</sup> Category 3 and 4 offences are set out in the Procedure Act 2011. Category 3 includes offences punishable by 2 years or more imprisonment, such as rape, aggravated robbery, and manufacturing methamphetamine. Category 4 offences are the most serious, including murder, infanticide and treason.

<sup>5</sup> For any cases involving young people 15 years or older, and when 14 year-olds are charged with a category 4 offence or category 3 offence with a maximum penalty of at least 14 years imprisonment

<sup>6</sup> This conclusion was based on analysis of whether someone reoffends or not, although when measured by the severity of offending the effect is not statistically significant. Petrosino, A., Turpin-Petrosino, C. & Guckenburg, S. (2010). Formal system processing of juveniles: effects on delinquency. *Crime Prevention Research Review*, 9:1-32.

<sup>7</sup> Huizinga, D. & Henry, K. (2008). The effect of arrest and justice system sanctions on subsequent behaviour: Findings from longitudinal and other studies. In A. Lieberman (ed). *The Long View of Crime: A Synthesis of Longitudinal Research*. Springer, 220-254.

<sup>8</sup> Wilson, H. & Hoge, R. (2013). The effect of youth diversion programs on recidivism: a meta-analytic review. *Justice and Behavior*, 40.

<sup>9</sup> The Wong et al 2016 meta-analysis reported that diversion with RJ reduces reoffending among young offenders, but this conclusion was not supported by Schwalbe et al 2012. More general reviews of Restorative Justice overall have not reported it as being effective for young offenders (Strang et al 2013, Livingstone et al 2013). Wong, J., Bouchard, J., Gravel, J., Bouchard, M. & Morselli, C. (2016). Can at-risk youth be diverted from crime? A meta-analysis of restorative diversion programs. *Justice and Behavior*, 1-20. .. Schwalbe, C., Gearing, R., MacKenzie, M., Brewer, K. & Ibrahim, R. (2012). A meta-analysis of experimental studies of diversion programs for juvenile offenders. *Clinical Psychology Review*, 32. Strang, H., Sherman, L., Mayo-Wilson, E., Woods, D. & Ariel, B. (2013). Restorative justice conferencing using face-to-face meetings of offenders and victims: effects on offender recidivism and victim satisfaction: A systematic review. *Campbell Systematic Reviews*, 9(12): 1-63. Livingstone, N., MacDonald, G. & Carr, N. (2013). Restorative justice conferencing for reducing recidivism in young offenders (aged 7 to 21). *The Cochrane Library*, 28(2).

<sup>10</sup> . Aos, S., Miller, M. & Drake, E. (2006). *Evidence-Based Public Policy Options to Reduce Future Prison Construction, Justice Costs and Crime Rates*. Olympia: Washington State Institute for Public Policy; Wilson and

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Hoge (2013); Schwalbe et al (2012) found positive effects, but not to a statistically significant level except for family treatment.

<sup>11</sup> Schwalbe et al 2012

<sup>12</sup> Hahn, R., McGowan, A., Liberman, A., Crosby, A., Fullilove, M., Johnson, R., Moscicki, E., Price, I., Snyder, S., Tuma, F., Lowy, J., Briss, P., Cory, S. & Stone, G. (2007). *Effects on violence of laws and policies facilitating the transfer of youth from the juvenile to the adult justice system*. Retrieved from <http://www.cdc.gov/mmwr/preview/mmwrhtml/rr5609a1.htm>

<sup>13</sup> Hahn et al 2007

<sup>14</sup> Nagin, D. (2013). Deterrence in the twenty-first century. In M. Tonry (ed). *Crime and Justice: An annual review of research*. United States: University of Chicago Press.

<sup>15</sup> Pratt, T., Cullen, F., Sllers, C., Winfree, T., Madensen, T., Daigle, L., Fearn, N. & Gau, J. (2010). The empirical status of social learning theory: a meta-analysis. *Justice Quarterly*, 27(6).

<sup>16</sup> Dishion, T. J., McCord, J., & Poulin, F. (1999). When interventions harm: Peer groups and problem behavior. *American Psychologist*, 54: 755-764.

<sup>17</sup> MOJ (2011). *Youth Court Research: Experiences and views of young people, their families and professionals*. Wellington: Ministry of Justice.

<sup>18</sup> Bernberg, J.G., & Krohn, M.D. (2003). Labelling, Life Chances, and Adult Crime: The Direct and Indirect Effects of Official Intervention in Adolescence on Crime in Early Adulthood. *Criminology*, 41(4): 1287-1318.

<sup>19</sup> Wilson and Hoge 2013

<sup>20</sup> Two principal limitations are (1) that the 17 year-old offenders included in this study are on average six months older than 16 year olds. Although the age difference is small, it may still have a significant impact on likelihood of reoffending which cannot be accounted for by statistical models; and (2) only demographic and offending characteristics have been used to predict reoffending. Other factors likely to influence the likelihood of reoffending, for example, education, and care and protection history, were unable to be included in the matching process. Sixteen and 17 year olds compared in this study may differ on the basis of these factors not able to be accounted for in this analysis, thus biasing the results presented here.

<sup>21</sup> Hahn et al 2007

<sup>22</sup> Redding, R. (2010). *Juvenile Transfer Laws: An Effective Deterrent to Delinquency?* Washington DC: Office of Juvenile Justice and Delinquency Prevention.

<sup>23</sup> Hjalmarsson, R., & Lindquist, M. (2011). *Like Godfather, Like Son: Exploring the Intergenerational Nature of Crime*. Retrieved from <http://www.coll.mpg.de/economix/2009/Hjalmarsson.pdf>

<sup>24</sup> Crichton, S., Templeton, R., & Tumen, S. (2015). *Using Integrated Administrative Data to Understand Children at Risk of Poor Outcomes as Young Adults*. Wellington: The Treasury.

<sup>25</sup> Pager, Devah (2003). The Mark of a Record. *American Journal of Sociology*, 108(5): 937-975.

<sup>26</sup> The effectiveness criterion refers to the overall effectiveness of the justice system. Research and criminology theories identify that the effectiveness of a justice system can be judged by how well the system punishes, rehabilitates, deters, incarcerates, and reintegrates. Dilulio, J.J. (1993) Rethinking the Justice System: Toward a New Paradigm In *Performance Measures for the Criminal Justice System*, ed. John J Dilulio et al. Washington DC: US Department of Justice.

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<sup>27</sup> At this stage the following statutes likely to require consequential amendments have been identified: Bail Act 2000; Procedure Act 2011; Investigations (Bodily Samples) Act 1995.

<sup>28</sup> **traffic offence** means (a) any offence against the [Road User Charges Act 2012](#), the [Land Transport Act 1998](#), or the [Land Transport Management Act 2003](#) or against any regulation, rule, or bylaw made under any of those Acts: (b) any offence against any regulation, rule, or bylaw made under any other Act if the offence relates to the use of motor vehicles or parking places or transport stations.

<sup>29</sup> An excluded charge may, however, be heard in the Youth Court where a young person is also charged with an offence that falls within the Youth Court's jurisdiction, both offences arise out of the same series of events, and the court considers it desirable or convenient that the charges be heard together (section 272(5) CYPF Act).

<sup>30</sup> This section also excludes traffic infringements (e.g. speeding and parking tickets) but, as noted in the disclosure statement, no change is currently being considered for these offences.

<sup>31</sup> See Appendix 1, Table 1, for historical data on charge volumes for Category 1 traffic offences.

<sup>32</sup> See Appendix 1, Table 2, for historical data on Top 10 Category 1 traffic offences for 14-17 year olds.

<sup>33</sup> Māori 15-17 year olds are 1.5 times more likely to be prosecuted for a Category 1 offence than NZEOE 15-17 year olds.

<sup>xxxiv</sup> However, this decrease is not experienced evenly across the country, and in some Districts has levelled-off or increased more recently.