



News Release

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Closing the gap on Indigenous incarceration could save almost \$19bn in 2040

AUSTRALIA - Indigenous incarceration is costing nearly \$8 billion annually and will grow to almost \$20 billion per annum by 2040 without further intervention, according to a PwC Australia and PwC's Indigenous Consulting (PIC) report released today. The report also highlights the social costs of incarceration and points to the economic and social benefits of Indigenous-led, evidence-based approaches in addressing the issue.

In 2016 justice system costs related to Indigenous incarceration were \$3.9 billion, and are forecast to grow to \$10.3 billion annually by 2040. Welfare costs associated with the issue will rise to \$110 million by 2040, while economic costs will reach over \$9 billion annually.

The social costs and consequences are no less significant. Those who have been incarcerated are at greater risk of financial stress, low levels of educational attainment, poor employment prospects, and find it harder to access accommodation. As a result, they have a greater chance of recidivism, poor health and wellbeing. The impacts on the individual can also have intergenerational consequences, flowing onto families and communities.

Annual savings to the economy of nearly \$19 billion could be achieved by 2040 if the gap between Indigenous and non-Indigenous rates of incarceration were closed. This is based on the implementation of specific evidence-based recommendations including; putting Indigenous self-determination at the heart of the solution; establishing a set of national targets against which progress can be measured; improving cultural awareness across the system; investing more in prevention and early intervention; designing better throughcare and reintegration programs to reduce recidivism, and; investing more in innovation and evaluation to better identify what really works.

In calculating the overall impact of Indigenous incarceration fiscal costs including policing, prison services, welfare, homelessness, and forgone taxation were included. On the economic side the impacts of crime, lost productivity, and the excess burden of raising taxation revenue were considered. Based on population growth, and holding constant the proportion of Indigenous people who enter prison each year, the costs of incarceration are forecast to rise to almost \$20 billion annually by 2040.

The report was conceived as part of a wider collaboration with the Change the Record Coalition, Richmond Football Club, and the Korin Gamadji Institute, in order to 'unlock the facts' and raise awareness about the disproportionately high rates and social and economic costs of Indigenous incarceration. The study shows that, despite representing only 3 percent of the Australian population, Indigenous Australians account for 27 percent of the adult prison population and 55 percent of children and young people in detention.

James van Smeerdijk, PwC Economics & Policy partner, said: "This report shows that the



disproportionately high Indigenous incarceration rates are unfair, unsafe and unaffordable.

“Indigenous incarceration is a complex issue and there is no silver bullet. However, there are some key actions we should take. We need to invest more in prevention and earlier intervention, we need to redesign aspects of the justice system and, most importantly, we need Indigenous leadership at the heart of this redesign.”

Jodie Sizer, Co-CEO and Co-Owner of PwC’s Indigenous Consulting (PIC), said: “There would not be one Indigenous family in Australia that is not impacted by this issue, every year it is estimated that one-in-five Indigenous kids have at least one parent in prison. The first steps in solving this important problem is to agree it is unacceptable and collaborate on positive action on overrepresentation. We now have a further \$19 billion reasons to close the gap.

“In addition to the economic and fiscal costs of Indigenous incarceration, there are significant consequences for individuals, families and communities impacting on this generation and the next. It’s time for a holistic collaborative response, led by our Aboriginal organisations and communities to solve this challenge.”

Shane Duffy, Co-Chair of the Change the Record Coalition, said: “The disproportionate imprisonment of Aboriginal and Torres Strait Islander people is one of the most pressing social justice challenges facing Australia. This is devastating lives and comes at an enormous cost - both socially and economically - affecting not only the individual, but also their family and whole community. It is clear that a different approach and urgent action is needed.”

“The social impact of a reduction in imprisonment rates would be significant, changing lives and transforming communities. However this important collaborative report, plays a key role in also highlighting the significant economic impact, and potential savings for Governments and in turn the taxpayer.”

Antoinette Braybrook, Co-Chair of the Change the Record Coalition, said: “This report backs up our key calls, including highlighting the importance of national justice targets, and has outlined a compelling case for governments at all levels to act decisively, in partnership with Aboriginal and Torres Strait Islander people and their communities, to address this national crisis.”

“The current piecemeal approach isn’t working. We need a comprehensive, coordinated and holistic approach, which involves leadership and partnership from the Federal, State and Territory governments, and a focus on shifting investment towards community-led preventative and early intervention approaches. This includes investing in preventing the underlying causes of our people’s imprisonment and intervening earlier in the trajectory from family violence to child protection to imprisonment”.

Aaron Clark, Director of the Korin Gamadji Institute, said: “This report highlights a significant issue in this country that cannot be ignored and, importantly, it recommends actions that will drive meaningful change. It also reaffirms the critical nature of the work we do and the importance of taking a proactive approach that will drive generational change. Each year in conjunction with Richmond Football Club we work with hundreds of young Aboriginal and Torres Strait Islanders on leadership, cultural affirmation and resilience, all critical protective factors that reduce the likelihood of incarceration. It must be an investment priority, along with other important opportunities outlined in the report.”

Brendan Gale, CEO of Richmond Football Club, said: “Indigenous incarceration is a complex



issue. The human impact is immeasurable and the economic impact staggering. This report breaks the issue down and the unavoidable conclusion is that a different approach needs to be taken. The good news is that, with combined action and effort, we can effect positive change in the domain of Indigenous incarceration.”

ENDS

Notes to the Editor

Representatives from PwC, PwC Indigenous Consulting (PIC), the Change the Record Coalition, Richmond Football Club, and the Korin Gamadji Institute are available for interview under embargo.

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