



Expenditure Analysis of Criminal Justice in Canada

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The mandate of the Parliamentary Budget Officer (PBO) is to provide independent analysis to Parliament on the state of the nation's finances, the government's estimates and trends in the Canadian economy and, upon request from a committee or parliamentarian, to estimate the financial expenditure of any proposal for matters over which Parliament has jurisdiction.

Over the course of the last few years, Parliament has made it clear that criminal justice is one of its major legislative priorities. PBO has responded to this by providing expenditure estimates of various pieces of criminal justice legislation. This report follows from these prior reports, looking at the total expenditures associated with criminal justice over the past 11 years.

This is the first multi-year study to be undertaken of the aggregate expenditures on criminal justice in Canada. While the Department of Justice and Statistics Canada have published estimates of criminal justice expenditures, they provided only point in time estimates (2008 and 2001, respectively).

By contrast, this report estimates criminal justice spending in Canada for the federal, provincial, and territorial governments for the period of 2002 to 2012. Furthermore, this report is comprehensive in that it includes police capital and full youth justice (not just corrections) expenditures.

This analysis serves as a starting point to support an understanding of the expenses of Canada's criminal justice system and its components over time. It aims to equip parliamentarians with the information needed to better scrutinize planned expenses.

Significant work remains to be done to strengthen understanding of criminal justice spending in Canada. It involves further improving the data available for all levels of government. Public accounts do not fully differentiate expenditures associated with criminal justice. For example, the court costs are not broken down between criminal and civil. Methods to better collect and capture expenditure data relating to criminal justice at the federal, provincial, territorial, and municipal levels ought to be considered. Governments ought to consider presenting their public accounts in a way that allows a clear understanding of whether figures are attributable to criminal justice.

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Executive Summary

This report contains an estimate of expenditures on criminal justice for the federal government, provinces and territories for the last eleven years.¹

It includes policing, courts (judges, prosecutors, legal aid, and youth justice) and corrections (including parole) expenditures.

PBO developed a new methodology for estimating expenditures for the criminal justice system drawing on public accounts, Statistics Canada datasets, and information received through direct request.

In 2011-2012, the federal, provincial and territorial governments spent \$20.3 billion (1.1% nominal GDP) on criminal justice.

Total annual expenditures on criminal justice is comparable to the budget of National Defence (\$20.5 billion in 2012), half the size of the budget of Human Resources and Skills Development (\$48.1 billion in 2012), and more than double the budget of Aboriginal Affairs and Northern Development Canada (\$7.9 billion in 2012).

While Parliament has exclusive jurisdiction to make all criminal laws, it is the provinces that, broadly speaking, enforce and administer criminal justice. The results reflect this, showing expenditures split 27/73 between the federal government and the provinces (\$5.5 billion and \$14.8 billion).

Over the last 11 years, national criminal justice expenditures have increased in real terms and as a percentage of GDP.

The largest contributor to the increase has been provincial security, followed by provincial courts and federal corrections and security.

In a nutshell, between 2002 and 2012:

- **Provincial security** expenditures in real terms (2002 dollars) increased from \$5.6 to \$7.9 billion (an increase of \$2.3 billion), representing a 41% increase (3.5% average annual growth).
- **Provincial court** expenditures in real terms (2002 dollars) increased from \$1.8 to \$2.6 billion (an increase of \$0.8 billion), representing a 45% increase (3.7% average annual growth).
- **Federal corrections** expenditures in real terms (2002 dollars) increased from \$1.5 to \$2.2 billion (an increase of \$0.7 billion), representing a 45% increase (3.8% average annual growth).
- **Federal security** expenditures in real terms (2002 dollars) increased from \$1.0 to \$1.6 billion (an increase of \$0.6 billion), representing a 53% increase (4.4% average annual growth).

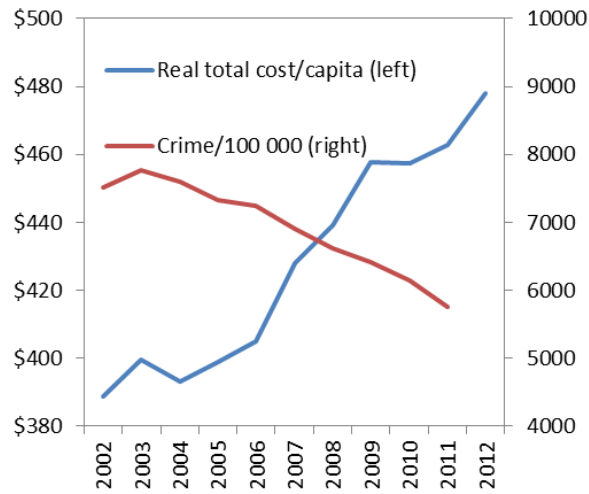
Provincial corrections expenditures played a smaller role in increasing criminal justice spending. Between 2002 and 2012, expenditures in real terms (2002 dollars) increased from \$1.4 to \$1.6 billion (an increase of \$0.2 billion), representing a 19% increase (1.8% average annual growth).

Over the same period, **federal court** expenditures have actually declined in real terms (2002 dollars) from \$0.8 to \$0.7 billion (a drop of \$0.1 billion), representing a 14% drop (-1.5% average annual growth).

Per capita expenditures on criminal justice have also increased steadily. Since 2002, per capita spending, in real terms, has increased 23%. During the same period, Canada's crime rate has declined 23% (Figure 1-1).

¹ Expenditure information was collected from the public accounts for the federal government and for the four largest provinces (ON, QC, BC, AB) representing 86% of the population for fiscal years 2001-2002 through 2011-2012. The expenditures for the four provinces was then proportionally increased (by population) to estimate the total provincial and territorial criminal justice expenditures. Note that from this point onward, "provinces" will refer to "provinces and territories" unless otherwise indicated.

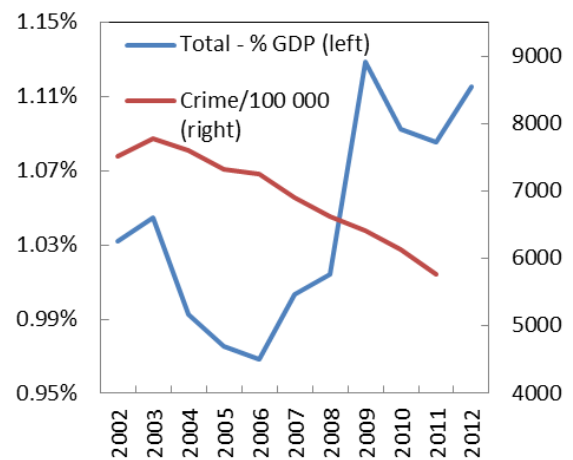
Figure 1-1 Real per capita Expenditure for the Canadian Criminal Justice System in 2002 dollars



Sources: PBO, Statistics Canada

A similar trend is seen when spending is expressed as a percentage of nominal GDP. While trending downwards from 2002 to 2006, expenditures have steadily increased between 2006 and 2012, representing a 15.2% increase (Figure 1-2).

Figure 1-2 Canadian Crime Rate and Criminal Justice Expenditure as a Percentage of GDP



Sources: PBO, Statistics Canada

The crime rate is superimposed on the graphs above for illustrative purposes only. This paper is not policy advice.

1 Introduction

The Parliamentary Budget Officer's (PBO's) legislative mandate includes providing independent analysis on the state of the nation's finances.² Consistent with this mandate, the objective of this report is to estimate the financial expenditure for the criminal justice system for the federal government and the provinces and territories.

For this report, criminal justice delivery encompasses three primary components:

1. policing;
2. courts (judges, prosecutors, legal aid, and youth justice); and
3. corrections (including parole).

Each of these primary components is made up of subcomponents, which, when added together, represent the total expenditure for the delivery of criminal justice in Canada.

In undertaking this work, PBO relied on 11 years of public accounts data from federal and provincial³ governments.⁴

The following sections of this report describe in more detail the nature of the data, the methodology used to estimate expenditures for criminal justice delivery from the data and the fiscal impact of the delivery of criminal justice today and into the future.

2 Defining the Criminal Justice System

In the absence of an authoritative definition of criminal justice system expenditures, PBO developed

one.⁵ Expenditures were considered part of the criminal justice system if they were:

- related to traditional crimes in federal criminal statutes;⁶
- paid by some level of government using taxpayer funds; and,
- aimed at protection, deterrence, punishment or rehabilitation.

For an expenditure to be included, it had to meet all three of these criteria. A brief discussion follows on the implications of each.

The first criterion limits this report to expenditures associated with what is conventionally understood as criminal justice. As such, federal environmental and competition regulation as well as provincial regulation of any type were excluded.

The second criterion limits this report to expenditures incurred by government using taxpayer funds. Costs of criminal justice to private businesses and persons are excluded. Examples of these excluded costs include private security, alarm systems, or financial losses caused by crime.

The third criterion limits this report to expenditures for administrative functions directly related to protecting public safety, deterring and punishing the commission of crimes, and rehabilitating offenders. Other costs, such as compensation to victims of crime, were not included.

It is important to note that in Canada, the federal government has exclusive jurisdiction to make criminal law, unlike the United States where each state has this power. With regards to the enforcement of criminal law, it is the responsibility of the provinces and territories.

² Parliament of Canada Act (2007).

³ Provincial is used to represent both provincial and territorial. Similarly province represents both provinces and territories.

⁴ Due to time considerations, criminal justice expenditures were collected for only four (ON, QC, BC, AB) of the 13 provinces and territories representing 86% of Canada's population. The expenditures for these four provinces were then proportionally increased (by population) to estimate the total provincial and territorial criminal justice expenditures.

⁵ Other criminal justice expenditure papers did not explicitly state a definition. See Zhang (2010) and Taylor-Butts (2002).

⁶ That is, what have traditionally been understood as felonies and misdemeanors and are now termed indictable and summary offences in the *Criminal Code of Canada*, the *Controlled Drugs and Substances Act* (formerly the *Narcotic Control Act* and Parts III and IV of the *Food and Drug Act*) and the *Youth Criminal Justice Act*.

3 Methodology

The components of the criminal justice system were categorized as follows: policing, courts, and corrections.

Within each of these categories, the report provides details of the structure of each component, its funding level, any estimation that was performed, and a description of the data sources.

There were two sources available for expenditure data: public accounts (both federal and provincial) and Statistics Canada.⁷

For each section, the report details the data source that best captures expenditures and avoids double counting.⁸ Data sources that were not selected and the reasons for not being selected are presented in Appendix A.

3.1 Policing

3.1.1 Police Structure in Canada

Canada has three levels of policing: national, provincial, and municipal.⁹

Canada's national police force is the Royal Canadian Mounted Police (RCMP).

Ontario and Québec have their own provincial police. Newfoundland and Labrador has its own provincial police but also contracts with the RCMP for policing services. All other provinces and territories contract with the RCMP for their provincial and territorial policing services.

Municipalities are responsible for providing policing services. They either have their own police force or subcontract the provider of provincial or territorial

policing services (i.e. the RCMP or provincial police force).

3.1.2 Police Funding in Canada

In all provinces and territories subcontracting the RCMP (i.e. except Ontario and Québec), the province pays 70% of provincial policing expenditures and the federal government 30%.¹⁰

The policing expenditures for municipalities in these provinces and territories relying on the RCMP depend on population levels.

Municipalities with less than 5,000 residents are not required to have a municipal police service and can continue to rely on provincial policing.

Municipalities with more than 5,000 residents are required to have a municipal police service.

If the municipality has more than 5,000 but less than 15,000 residents, it pays 70% of the expenditure for the police service and the federal government pays 30%.

If the municipality has more than 15,000 residents, it pays 90% of the expenditure for the police service and the federal government pays the remaining 10%.¹¹

Municipalities that choose to have their own police force pay 100% of the expenditure.

Ontario and Québec pay 100% of their provincial policing expenditures.

Ontario municipalities subcontracting the services of the Ontario Provincial Police (OPP) pay 100% of the expenditure.¹²

⁷ See 3.1.4 Policing Expenditure Data Sources.

⁸ Double counting can occur when the data sources for two different components both contain the same data for the same subcomponent. If the expenditures from the two data sources were then added without removing the overlapping data from one of the sources, the expenditure for the subcomponent would then be double counted inflating the total expenditure. When it is a concern, double counting is discussed along with the data source selection for each component.

⁹ This report does not include military police.

¹⁰ See <http://www.pssg.gov.bc.ca/policeservices/police-agreements/index.htm>, http://www.justice.gov.yk.ca/pdf/TPSA_summary_for_Report.pdf, and http://www.justice.gov.nt.ca/pdf/CommunityJustice/NWT_Policing_Report_2007.pdf

¹¹ Ibid.

¹² <http://www.opp.ca/ecms/index.php?id=13>

Québec municipalities subcontracting the services of the Sûreté du Québec (SQ) pay depending on population size and other factors.¹³

For those parts of Newfoundland and Labrador that use the services of the RCMP, the province pays 70% of the expenditure and the federal government 30%.¹⁴

3.1.3 Policing Expenditures that are Crime-Specific

Not all police activity is dedicated to criminal justice. Thus, not all money spent on police relates directly to crime. In order to estimate how much of policing expenses are spent on criminal justice, PBO had to estimate the amount of time police actually spend on crime-specific activities.

A 2010 Department of Justice report assumed that 75% of police time is spent on criminal related activities.¹⁵ In an effort to arrive at a more empirical assumption, PBO analyzed expenditure line items and contacted police forces directly on the percentage of their activities related to criminal justice.

Based on its own analysis, PBO divided police budget line items into four categories:

1. fully dedicated to crime;
2. partially dedicated to crime;
3. not related to crime; and
4. administrative overhead.

Using these categories and the definition of a criminal expenditure from above, PBO analyzed police budgets for a province (OPP), a municipality

(Ottawa), and the RCMP. The categories are described below and are summarized in Table 3-1 (not exhaustive).

3.1.3.1 Fully Dedicated to Crime

The following activities were classified as fully dedicated to crime:

- crime prevention;
- criminal investigation (including coroner and forensic services);
- drug and organized crime task forces; and
- firearms programs.

3.1.3.2 Partially Dedicated to Crime

Partially dedicated to crime items are activities that have both a criminal and a non-criminal component. There were two line items that were partially dedicated to crime activities:

- patrol; and
- emergency operations.

3.1.3.3 Not Related to Crime

Examples of items that were considered not related to crime were: the program activity line item “Canadian police culture and heritage” for the RCMP¹⁶ in federal public accounts and in Alberta public accounts line items such as traffic sheriff operations, fish and wildlife enforcement, commercial vehicle enforcement and parks conservation enforcement.

3.1.3.4 Administrative Overhead

A line item is considered overhead if it supports the activities listed in the previous three categories. Whereas the previous activities are external facing (e.g. patrol, crime investigation, emergency response etc.), overhead is internal facing in support of these activities.

¹³ Full details can be found at

<http://www.securitepublique.gouv.qc.ca/police/police-quebec/services-police/desserte-policiere/tarification-sq.html>

¹⁴ <http://www.releases.gov.nl.ca/releases/1997/just/0512N01.HTM>

¹⁵ Zhang (2010). This assumption was based on a UK study suggesting that approximately 61% of a police officer’s time is spent on specific incidents (including traffic) and patrolling, with the remaining 39% spent on meetings, briefings, breaks etc. (Whitehead (2010)). Given that traffic offences are not criminal; actual time spent on crime should be less.

¹⁶ The RCMP Musical Ride program is under this heritage line item.

Overhead includes internal services, corporate, support, training, resourcing, and technology infrastructure.

Table 3-1 Police Budget Category Line Item Descriptions

Category	Item	Description
Fully dedicated to crime	Crime prevention	Outreach programs like neighbourhood watch and children street proofing etc.
	Criminal investigation	Investigating crimes that have been committed/reported
	Drug and organized crime taskforces	Specialized programs to tackle specific crime issues
Partially dedicated to crime	Patrol	Out on the beat (car, foot, motorcycle) looking for criminal or traffic infractions
	Emergency operations	Tactical team, airport police, public safety (events), canine unit etc.
Not crime related	RCMP Heritage	Musical Ride
	Various Alberta enforcement activities	Fish and wildlife enforcement, commercial vehicle enforcement, parks conservation enforcement and traffic sheriff operations
Administrative overhead	Internal services	Facilities, finance, IT (also can be under corporate or technology infrastructure)
	Corporate	Finance, facilities management, evidence management etc.
	Support	Call centre, 911, victim crisis etc.
	Training	
	Resourcing	Hiring, Human Resources, labour relations etc.
	Technology infrastructure	IT infrastructure

3.1.3.5 Calculating Percentage of Time on Crime

Before PBO could determine the percentage of the total expenditures for criminal justice, it was necessary to allocate expenditures proportionate to the activities classified as ‘partially dedicated to crime’: police on patrol and emergency operations.

Police on patrol are simultaneously providing two services: looking out for criminal activities and monitoring traffic infractions. For example, in the Ontario *Police Services Act* it states “Every chief of police shall establish procedures and processes on community patrol which address when and where directed patrol is considered necessary or appropriate, based on such factors as crime, call and public disorder analysis, criminal intelligence and road safety. O. Reg. 3/99, s. 4 (3)”¹⁷.

The proportion of time police on patrol devote to each of these activities is dependent on the environment in which they work.

In urban settings (i.e. municipal police forces) the proportion dedicated to monitoring for crime is approximately 80% and in rural settings (i.e. provincial police), it is approximately 30%.¹⁸

The Ottawa Police Service also has a separate line item for emergency operations which includes tactical, canine, and bomb units in addition to non-criminal activities such as traffic escort and public safety. Like patrol in the urban environment, approximately 80% of emergency operations expenditures are crime related.¹⁹

The annual report of the OPP includes a table which presents the number of total duty hours worked by field personnel broken down into four categories: criminal, traffic, other, and patrol.²⁰ This data was used to determine the percentage of time that field personnel spend on crime. PBO determined that 47% of OPP field personnel time is devoted to criminal

¹⁷ http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_990003_e.htm

¹⁸ From the Ottawa Police Service (series of emails January 2013) and OPP (telephone call December 13, 2012)

¹⁹ From email correspondence with the Ottawa Police Service (January 2013).

²⁰ Ontario Provincial Police (2012).

justice activities.²¹ This value of 47% was used to weight the budget amount assigned to Field and Traffic operations. Using this weighting, Appendix B shows that 61% of the OPP budget is criminal justice related.

A breakdown of personnel hours was not available for the Ottawa Police Service, therefore PBO applied a weighting of 80%, consistent with the estimated percentage of patrol time devoted to crime in an urban environment. Using this value as well as the 80% weighting for emergency operations, it was estimated that 86% of the Ottawa Police Service Budget²² was criminal justice related. Detailed calculations are shown in Appendix B.

Like the provincial and municipal police services, an estimate of the percentage of RCMP expenditure devoted to criminal justice activities was also required.²³

Previously, it was described that the RCMP pays 30% of the provincial police expenditure in 11 of Canada's 14 jurisdictions as well as 30% of the expenditure for municipalities with less than 15,000 people.

From a pure police operations viewpoint, this results in the bulk of the RCMP expenditure being similar to provincial police rather than municipal police. With this in mind, the 47% calculated above for the percentage of OPP field expenditures devoted to criminal justice was rounded up to 50% and used to scale the RCMP police operation expenditures, resulting in a value of 59% of the total RCMP budget²⁴ (including administration expenditures) being allocated to criminal justice. The bump-up to 59% is a result of some RCMP budget line items that are fully dedicated to crime such as law enforcement services. This analysis is shown in Appendix B.²⁵

²¹ Details of all police budget calculations are provided in Appendix B.

²² See

http://www.ottawapolice.ca/Libraries/Publications/2013_OPS_Draft_Budget_web.sflb.ashx

²³ Discussions have been initiated with the RCMP to refine these estimates.

²⁴ Obtained from federal public accounts.

²⁵ In estimating the RCMP police expenditures, there was a noticeable spike in expenditures due to the Olympics and the G20 in years 2009 to

3.1.4 Policing Expenditure Data Sources

As noted above, policing expenditures were collected for the three different levels of government: federal, provincial and municipal. Statistics Canada's Canadian Socio-Economic Information Management System (CANSIM) tables were used for municipal police expenditures and public accounts were used for federal and provincial police expenditures. For a discussion of other possible data sources refer to Appendix A.

3.1.4.1 Municipal Police Expenditure Data

Statistics Canada, via the Financial Management System (FMS), collects financial information for the three levels of government covering 1989 to 2009. CANSIM table 385-003 provides municipal expenditures consolidated at the provincial and territorial level and provides the ability to separate out the municipal policing expenditures.²⁶ The municipal police data is obtained by an annual "survey, which includes municipal units in all major urban areas and a representative sample of other municipalities" and "is inflated to produce aggregate data for the municipal component of the local general government universe in each province and territory."²⁷

One of the categories of data in the FMS is titled Protection of Persons and Property and includes expenditures on national defence, courts of law, correction and rehabilitation services, policing, firefighting, regulatory measures (all noncriminal), and other protection of persons and property (all noncriminal). The policing category for municipalities, which is in CANSIM tables 385-003, was used for this analysis.

The municipal policing information is only available for years 1988 through 2008. Years 2009 through 2012 were linear trend estimates using the previous years.

2011. Since these expenditures were not crime related, the values for these years were linear trend estimates using the other years.

²⁶ For information see <http://www5.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=68F0023XWE&lang=eng#formatdisp>

²⁷ Ministry of Industry (2009, p. 22).

3.1.4.2 Federal and Provincial Police Expenditure Data

Public accounts were chosen for federal and provincial police data. Public accounts provide a level of detail, not found in the Statistics Canada data, that allows for an analysis of which expenditures were criminal justice related or not.

One other consideration in collecting policing expenditure data using these two different sources is the previously described possibility of double counting. Specifically in the case of policing, when municipalities, provinces, and territories use contract police services, it is necessary to not include these expenditures twice. Given that the municipal policing expenditures from FMS are a single consolidated number for each province, the recoveries that the contract provider (i.e. RCMP everywhere except Ontario and Québec; OPP to Ontario municipalities; the SQ to the Québec municipalities) receives need to be subtracted from the contractor's total expenses.

The term "public accounts" is used loosely in that policing data is not always found within the formal Public Accounts. In some cases, it has been obtained from jurisdictional ministry annual reports and the annual reports of the police service. Table 3-2 lists the publicly available data that was used and its location for each of the data sources organized by jurisdiction.

Table 3-2 Location of Policing Data by Jurisdiction

Entity	Expenditure items	Location
Federal government	All	Federal public accounts ²⁸
Ontario	All	Ontario public accounts ²⁹
Québec	All except SQ municipal recoveries	Québec public accounts ³⁰

²⁸ http://epe.lac-bac.gc.ca/100/201/301/public_accounts_can/index.html

²⁹ <http://www.fin.gov.on.ca/en/budget/paccts/2012/>

³⁰ <http://www.finances.gouv.qc.ca/en/pub.asp?enter=ok#pub>

Entity	Expenditure items	Location
	SQ municipal recoveries	SQ annual reports ³¹
British Columbia	All except capital expenditures	Consolidated Revenue Fund Supplementary Schedules in public accounts under annual service plan reports ³²
	Capital expenditures	Ministry annual service plan report ³³
Alberta	All	Combination of line item expenditures and allocated expenditures in ministry annual reports ³⁴
Municipal	All police expenditures	CANSIM 385-003 ³⁵

3.2 Courts

As described in the introduction, expenditures for the court system for the purpose of this report included the court buildings, judges, prosecutors, legal aid, and youth justice. Youth justice was included under 'courts' since it spans all three parts of the justice system.

3.2.1 Court Structure³⁶

At the federal level there are four different courts:

- Supreme Court of Canada;
- Federal Court;

³¹ <http://www.sq.gouv.qc.ca/mission-et-services/publications/publications-sq-police.jsp>

³² <http://www.bcbudget.gov.bc.ca/default.htm>

³³ <http://www.bcbudget.gov.bc.ca/default.htm>

³⁴ Alberta was the only jurisdiction that had allocated building accommodation expenditures that had to be added to the ministry reported expenditures. See <http://www.finance.alberta.ca/publications/measuring/ministry-annual-reports.html>

³⁵ <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3850003&tabMode=dataTable&srchLan=-1&p1=-1&p2=9>

³⁶ Military courts are not included in this study.

- Federal Court of Appeal; and
- Tax Court of Canada.

The Supreme Court of Canada is Canada's final court of appeal. The Federal Court "hears and decides legal disputes arising in the federal domain, including claims against the Government of Canada, civil suits in federally-regulated areas and challenges to the decisions of federal tribunals."³⁷

The Federal Court of Appeal hears appeals from the Federal Court and the Tax Court of Canada.

The Tax Court of Canada hears appeals from assessments under the *Income Tax Act*, the *Excise Tax Act*, "the *Employment Insurance Act* and the *Canada Pension Plan*, among others."³⁸

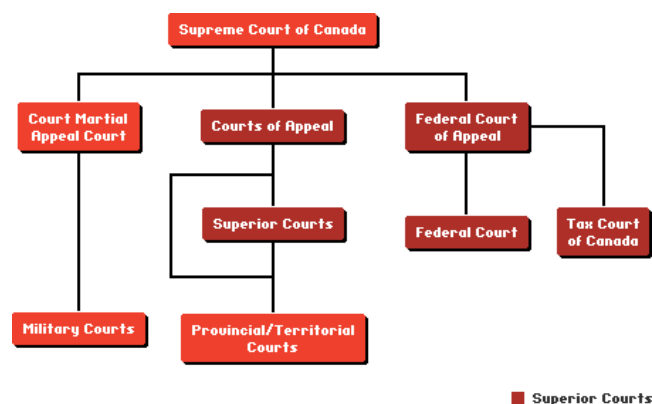
Provinces and territories have "two levels of superior court, one to hear trials and the other to hear appeals. Superior courts handle criminal offences, divorces, civil cases involving large amounts of money and Charter challenges, and review the decisions of administrative tribunals and some lower courts."³⁹ The name given to the superior court varies depending on the jurisdiction (e.g. Superior Court in Quebec and Court of Queen's Bench in Alberta).

In addition to superior courts, each jurisdiction has a provincial or territorial court. "These courts have the power to deal with every criminal offence except the most serious offences, such as murder and piracy, and conduct pre-trial hearings" "in criminal cases destined for trial in superior court."⁴⁰ They also handle cases involving provincial law.

Youth courts, small claim courts, and traffic courts are all sub-courts within the provincial and territorial court system.

A diagram of the court structure in Canada is shown in Figure 3-1.

Figure 3-1 Outline of Canada's Court System



Source: Canadian Superior Courts Judges Association

3.2.2 Court Funding

Federal level court facilities, operation, and judges are paid for by the federal government.

For the provincial superior courts, the judges are paid and appointed by the federal government while the facilities and operations are paid by the provinces and territories.

The total expenditures for the provincial and territorial courts including judges are borne by the respective jurisdiction.

Prosecution services are paid by the respective province.

Each province has a legal aid program which pays for legal representation when the defendant cannot afford representation themselves. Legal aid is funded through a combination of transfers from the federal government and funding from the jurisdiction.

Youth justice is also funded through a combination of federal transfers and jurisdictional funding.

3.2.3 Criminal Court Specific Expenditures

In the public accounts, court expenditures include both civil and criminal court activities. It was therefore necessary to determine a method to separate out the criminal court expenditures. In

³⁷ http://cas-ncr-nter03.cas-sati.gc.ca/portal/page/portal/fc_cf_en/Index

³⁸ http://cas-ncr-nter03.cas-sati.gc.ca/portal/page/portal/tcc-cci_Eng/Index

³⁹ Canadian Superior Courts Judges Association (2006).

⁴⁰ Ibid.

order to do this, each of the four jurisdictions, that actual expenditures were collected for, were investigated to see what data was available that could be used to separate the criminal and civil court expenditures.

The Ontario court services division annual report⁴¹ publishes the sitting hours of provincial and superior courts broken down by civil, criminal, family and small claims. Traffic court and the expenditures associated with them are the responsibility of the municipalities. The percentage of court time devoted to criminal proceedings is 64%. See Appendix C for the detailed calculations. Since Ontario doesn't publish the hours' breakdown for the Court of Appeal, it was determined that using the same proportion of criminal expenses as was used for the lower courts for the appeal court would be a reasonable estimate. This determination was based on a couple of factors. First, appeals make up a very small proportion of total court proceedings (0.35%) and second, the proportion of criminal cases in the lower courts (56%) and the appeal court (52%) are quite close.⁴²

British Columbia (BC) doesn't publish court hours or expenditures for its court system broken out by type of proceeding. A request was made for this information to the BC Ministry of Justice, which provided an analysis of the court hours from 2002 through 2011. Using this information, PBO determined that 53% of BC's court time is dedicated to criminal justice activities. One factor contributing to this lower percentage is that the provincial government in BC is responsible for traffic court, unlike in Ontario where it is the municipalities' responsibility. The detailed calculations are provided in Appendix C.

Like BC, Alberta doesn't publish the sitting hours for its courts. In response to a request, the Alberta Ministry of Justice and Solicitor General sent PBO the expenditures for its Provincial and Queen's Bench

courts for the cities of Edmonton, Calgary, Red Deer and Lethbridge for 2003 to 2012. These four cities constitute 90% of Alberta's population. Additionally, the data also included the percentage of time which each of these courts devote to criminal and civil matters. Using this data, it was determined that 63% of the court expenditures in Alberta were dedicated to criminal justice activities. The detailed calculations are provided in Appendix C. Like Ontario, Alberta doesn't include traffic court expenditures in its court expenditure roll-up.

PBO submitted a request for the number of court hours or expenditures dedicated to crime to the province of Québec, but due to the limitations of the information the data could not be provided. Quebec did send PBO information regarding the number and type of cases its courts (civil, small claims, criminal, and youth) receive each year (2007 to 2011). Since traffic offences were not included as a line item, it was assumed that like Ontario and Alberta, traffic offences were not included in the provincial government's court expenditures.

Given the almost identical percentage of crime related expenditures for Alberta and Ontario, it was decided to use Ontario's value of 64% as the standardized proportion for the expenditure roll-up for both Alberta and Québec. This was done for consistency and to account for Ontario's justice budget being three times the size of Alberta's. BC's court expenditures were scaled by 53% since their courts included traffic.

For courts at the federal level, only the Supreme Court of Canada hears criminal proceedings. Since the federal court of appeal, the federal court, and the tax court do not hear criminal proceedings, their expenditures were not included. The Supreme Court doesn't publish a breakdown of court expenditures or hours by criminal and non-criminal case, so the same 64% expenditure assignment as determined for Ontario and Alberta was used. The expenditure for the Supreme Court is relatively small (less than 4% of federal criminal justice spending) and variation in the assigned percentage would not have a material impact on the overall criminal justice expenditure.

⁴¹

http://www.attorneygeneral.ius.gov.on.ca/english/about/pubs/courts_annual_11/Court_Services_Annual_Report_FULL_EN.pdf

⁴² Ibid.

The overwhelming majority of the federal government's court related expenditures occur as a result of the government's responsibility for the remuneration of superior and appeal court judges in the provinces and territories. With this in mind, the assumption was made that these expenditures should be apportioned using the same ratio as was determined for Ontario and Alberta (i.e. 64%).

3.2.4 Estimating Youth Justice Expenditures

Of the four jurisdictions whose public accounts were analysed, only Ontario presents youth justice as a separate line item in its public accounts (Ministry of Children and Youth Services) that accounted for all of the expenditures. The only other jurisdiction that had any youth justice line items (other than federal government transfers) was Alberta which listed youth correction centre expenditures under the ministry of the Solicitor General and Public Safety.

Correction centres only capture a portion of the youth justice expenditures. Items such as outreach programs, youth courts, alternative measures (e.g. restorative justice), and addiction treatment centres are not included in these line items and were not listed anywhere else.

In 2012, on a per capita basis, Ontario spent \$27 on youth criminal justice while Alberta spent \$8 when only counting the expenditures for the youth correction centres (therefore excluding everything but correction centres). All the youth justice data and calculations described in this section are shown in Appendix D.

PBO wasn't able to obtain more detailed information from Alberta but BC did send youth justice expenditures covering the fiscal years 2004 to 2012. These BC values didn't include overhead expenses which are estimated at approximately 30%.⁴³ It was also learned that, after 2009, reported expenditures were even lower due to additional overhead items not being included. To account for these varying percentages of excluded overhead expenditures, the BC youth justice expenditures were inflated by 30%

for the years 2004 to 2009 and by 35% for 2010 to 2012. Using these expenditure adjustments, the expenditure per capita prior to 2006 seemed high, possibly indicating that some overhead expenditures were included at this time that were subsequently excluded.

After examining the adjusted BC expenditures and comparing the per capita values to Ontario's, the years from 2006 to 2009 seemed to be the most representative because they were linearly increasing and the per capita expenditures were similar to Ontario's. This three year time period was then used to linear trend estimate the full time period for BC. BC's estimated per capita expenditures compare favourably to Ontario's over the duration, with BC being slightly higher at the beginning and slightly lower at the end. The per capita estimated expenditures for the youth justice system in BC were then used to estimate the expenditures for both Alberta and Québec's youth justice system.

3.2.5 Court Expenditure Data Sources

The data sources that were used for each of the components that are included in the court expenditures (courts and judges, prosecutors, legal aid, and youth justice) are described in the following subsections. Refer to Appendix A for a discussion of the alternative data sources that were considered.

3.2.5.1 Courts and Judges Data Source

As described in detail above, the difficulty in determining the criminal expenditures for courts and judges is the requirement to separate this data from the total court system expenditures which include both civil and criminal activities. Unfortunately, no data sources were found that separated criminal and civil court and judges' expenditures. Therefore, these expenditures were obtained using the full court expenditures from public accounts combined with an estimate of the criminal portion based on the number of court sitting hours devoted to criminal law administration.

These court sitting hours were obtained from annual reports (Ontario), if available, or from private correspondence with the respective jurisdictions (BC

⁴³ Confirmed by BC's Ministry of Children and Family Development.

and Alberta). As mentioned above, due to information limitations, Québec was unable to provide any data.

3.2.5.2 Prosecution Services Data Sources & Selection

Prosecution expenditures were obtained from public accounts for both the federal government and provinces since they are a separate line item. At the federal level, prosecution expenditures only became a separate line item in 2006. The missing years (2002-2005) were linear trend estimated using the available years (2006-2012).

3.2.5.3 Legal Aid Data Sources & Selection

Statistic Canada's Legal Aid Survey (LAS) was used to obtain criminal legal aid expenditures.⁴⁴ LAS is performed annually covering all jurisdictions and it has separate line items for criminal, civil, administrative and other expenditures. The LAS data is found in CANSIM table 258-0002.⁴⁵

LAS data is only available up to 2010; therefore, the values for 2011 and 2012 had to be linear trend estimated. Also, in order to avoid double counting, it was necessary to subtract federal government legal aid transfer payments to the provinces and territories. The legal aid transfer payments were determined by adding the payments listed in section six of the federal public accounts. When performing the rollup of the federal government and jurisdictions, these transfer payments were then subtracted so that they wouldn't be double counted as they are already included in the jurisdictional totals.

3.2.5.4 Youth Justice Data Sources & Selection

Summarizing from the previous discussion, the youth justice data for the jurisdictions came from a combination of public accounts (Ontario), data that was shared with PBO (BC) and estimates based on this shared data (BC, Alberta, and Québec). In

addition, the federal government provides transfer payments to the provinces and territories which were obtained from section six of the federal public accounts. Like legal aid transfer payments, these youth justice transfer payments had to be subtracted when performing the rollup of the total expenditures for the federal government and the jurisdictions.

3.2.5.5 Data Source Selection Summary

Table 3-3 presents a summary of the sources of data for all the expenditures that were included within courts.

Table 3-3 Location of Court Expenditure Data

Entity	Expenditure items	Location
Federal government	All (policies, laws, courts, judges, prosecution, legal aid and youth justice transfers)	Federal public accounts ⁴⁶
Ontario	All except legal aid	Ontario public accounts ⁴⁷
	Legal aid	CANSIM 258-0002 ⁴⁸
Québec	All except legal aid and youth justice	Québec public accounts ⁴⁹
	Youth justice	Estimation based on BC's expenditures
	Legal aid	CANSIM 258-0002
British Columbia	All except legal aid and youth justice	Consolidated Revenue Fund Supplementary Schedules in public accounts under annual service plan reports. Capital expenditures in ministry annual service plan reports ⁵⁰

⁴⁴

<http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3308&lang=en&db=imdb&adm=8&dis=2>

⁴⁵ <http://www5.statcan.gc.ca/cansim/pick-choisir?lang=eng&id=2580002&pattern=2580002&searchTypeByValue=1&p2=42>

⁴⁶ http://epe.lac-bac.gc.ca/100/201/301/public_accounts_can/index.html

⁴⁷ <http://www.fin.gov.on.ca/en/budget/paccts/2012/>

⁴⁸ <http://www5.statcan.gc.ca/cansim/pick-choisir?lang=eng&id=2580002&pattern=2580002&searchTypeByValue=1&p2=42>

⁴⁹ <http://www.finances.gouv.qc.ca/en/pub.asp?enter=ok#pub>

⁵⁰ <http://www.bcbudget.gov.bc.ca/default.htm>

Entity	Expenditure items	Location
Alberta	Youth justice	Internal BC data that was then used to create an estimate
	Legal aid	CANSIM 258-0002
	All except legal aid and youth justice	Combination of line item expenditures and allocated expenditures in ministry annual reports ⁵¹
	Youth justice	Estimation based on BC's expenditures
	Legal aid	CANSIM 258-0002

3.3 Corrections and Parole

Of the three components of criminal justice delivery, corrections and parole expenditures were the least complicated to determine because each is treated as a separate program within the public accounts and, in almost all jurisdictions, parole is the responsibility of the federal government. The information available in public accounts meant no estimations were necessary. Note that corrections and parole only deal with adult (18 years or older) offenders. Minors are handled by the youth justice system (above).

3.3.1 Corrections and Parole Structure

The federal government incarcerates adult inmates sentenced to imprisonment of two years or more. The provinces and territories incarcerate adult inmates sentenced to imprisonment of less than two years and those on remand.

Parole is operated by the federal government's Parole Board of Canada (PBC) in all jurisdictions except for Ontario and Québec, which operate their own parole boards. Up until April 1, 2007, BC operated its own parole board after which the PBC assumed responsibility.

⁵¹ Alberta was the only jurisdiction that had allocated building accommodation expenditures that had to be added to the ministry reported expenditures. See <http://www.finance.alberta.ca/publications/measuring/ministry-annual-reports.html>

3.3.2 Corrections and Parole Funding

Federal correctional facilities are funded by the federal government while the provinces and territories fund their own correctional facilities.

The PBC is funded by the federal government while Québec and Ontario fund their respective parole boards.

3.3.3 Corrections and Parole Specific Expenditures

Since corrections and parole deal only with those that have committed a criminal offence, all expenditures are included. At the federal level, in addition to all expenditures for the Correctional Service of Canada and the PBC, the expenditures for the Office of the Correctional Investigator are included as well since they are a result of the correctional system. Similarly, at the jurisdictional level, the total expenditure for the correctional system from the public accounts was included. Besides the expenditure for operating and building prisons, these expenditures also include transfer payments to support outside rehabilitation programs and community work. All expenditures are net of recoveries such as profits made from selling goods which inmates have made.

For the sake of completeness, it should be noted that there are some offences that result in incarceration that are not due to violation of criminal law as described above.⁵² It is assumed that these detainees make up a materially insignificant portion of the prison population and no attempt has been made to separate out the associated expenditures.

3.3.4 Corrections and Parole Data Sources

As mentioned above, collection of correction and parole expenditures was straight forward since the data was readily available in public accounts. Table 3-4 presents the sources for the data.

⁵² See *supra* note 6.

Table 3-4 Location of Correction and Parole Data

Entity	Expenditure items	Location
Federal government	All (corrections and parole)	Federal public accounts ⁵³
Ontario	All (corrections and parole)	Ontario public accounts ⁵⁴
Québec	All (corrections and parole)	Québec public accounts ⁵⁵
British Columbia	Corrections (Parole included in corrections until 2007. After 2007, PBC assumed responsibility)	Consolidated Revenue Fund Supplementary Schedules in public accounts under annual service plan reports. Capital expenditures in ministry annual service plan reports ⁵⁶
Alberta	Corrections excluding youth (Federal government is responsible for parole)	Combination of line item expenditures and allocated expenditures (schedule 7) in ministry annual reports ⁵⁷

4 Criminal Justice Expenditure Estimate 2002-2012

Using the methodology that was presented in the previous section, criminal justice expenditures were collected for fiscal years 2001-2002 through 2011-2012 for the federal government as well as Ontario, Québec, BC and Alberta.⁵⁸ The time span for the collected data was dictated by the availability of online public accounts for all entities.

⁵³ http://epe.lac-bac.gc.ca/100/201/301/public_accounts_can/index.html

⁵⁴ <http://www.fin.gov.on.ca/en/budget/paccts/2012/>

⁵⁵ <http://www.finances.gouv.qc.ca/en/pub.asp?enter=ok#pub>

⁵⁶ <http://www.bcbudget.gov.bc.ca/default.htm>

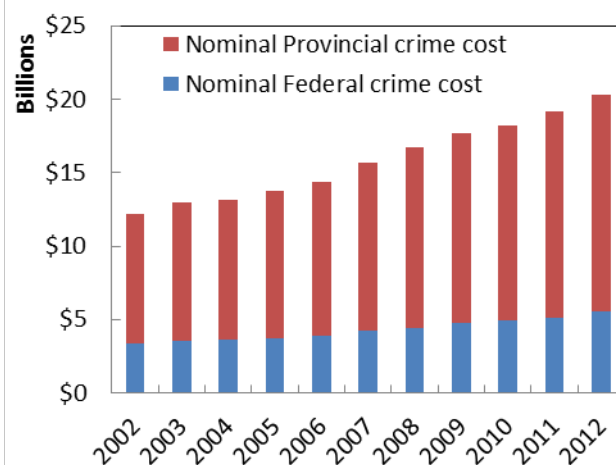
⁵⁷ Alberta was the only jurisdiction that had allocated building accommodation expenditures that had to be added to the ministry reported expenditures. See <http://www.finance.alberta.ca/publications/measuring/ministry-annual-reports.html>

⁵⁸ For convenience, a specific fiscal year is referenced using the year it ends in (e.g. 2002 represents fiscal year 2001-2002).

Time considerations limited the expenditure collection to the four jurisdictions, which proportionally represent 86% of the population. The total provincial and territorial expenditures were estimated by the average per capita expenditures for the four provinces.

The total expenditure for the Canadian criminal justice system unadjusted for inflation is shown in Figure 4-1. The same data but adjusted for inflation (2002 dollars) is shown in Figure 4-2.⁵⁹ As can be seen from the two figures, the expenditure for the Canadian criminal justice has been increasing both in nominal and real terms over the past 10 years. In nominal terms, total expenditure has increased 66% reaching \$20.3 billion in 2012.⁶⁰ Of this amount, \$5.5 billion (27%) is federal spending and \$14.8 billion (73%) is spent by the provinces and territories. In real terms (2002 dollars), the increase has been 37%, starting at \$12.2 billion in 2002 and reaching \$16.7 billion in 2012.

Figure 4-1 Nominal Expenditure for the Canadian Criminal Justice System

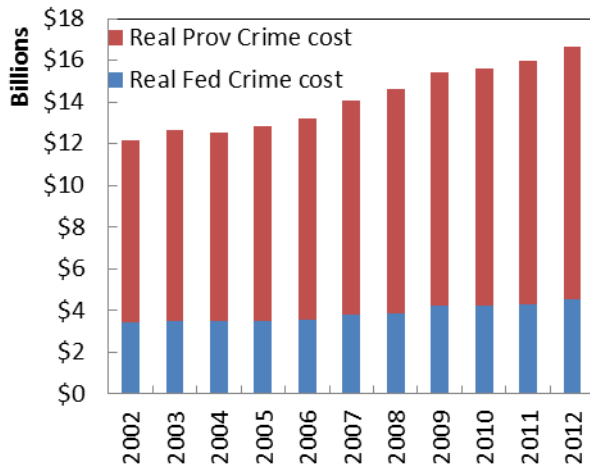


Source: PBO

⁵⁹ Inflation adjustment was performed using the consumer price index (CPI).

⁶⁰ As a comparative, PBO's criminal justice expenditure estimate for 2008 is \$16.7 B while the Department of Justice's was \$15.0 B (Zhang (2010)). Given that PBO's included police capital expenditures, a higher proportion of operational police spending and more youth justice expenditures, the numbers are quite close.

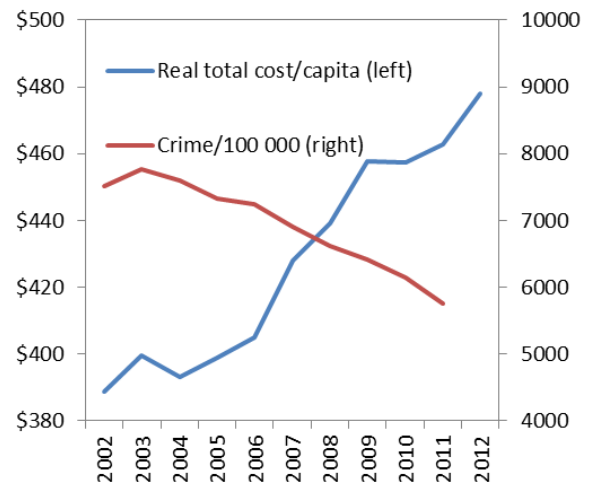
Figure 4-2 Expenditure for the Canadian Criminal Justice System Adjusted to 2002 Dollars



Source: PBO

The previous two expenditure figures presented the nominal and real expenditures for the criminal justice system. But given that the Canada's population is increasing throughout this period, using a per capita presentation of the real expenditure abstracts out both inflation and population growth. Figure 4-3 presents the per capita expenditures for Canada's criminal justice system in 2002 dollars. From 2002 to 2012, it has increased from \$389 to \$478—a 23% increase.

Figure 4-3 Real Per Capita Expenditure for the Canadian Criminal Justice System in 2002 Dollars



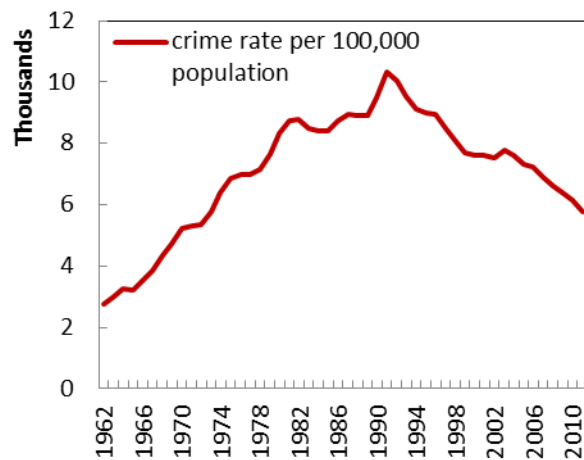
Sources: Statistics Canada, PBO

In addition to a per capita expenditure view of the criminal justice system, Figure 4-3 shows the Canadian crime rate which provides a backdrop to these expenditure figures.

From 2002 to 2011, the crime rate has decreased from 7,516 incidents per 100,000 people to 5,757 (30.6% drop). Figure 4-4 presents a longer term perspective of Canada's crime rate using Statistics Canada data which start in 1962.

As can be seen from the figure, the crime rate peaked in 1991 at just over 10,000 incidents per 100,000 and has been declining steadily ever since (except for a one-time slight increase in 2003), reaching a value of 5,757 incidents per 100,000 in 2011.

Figure 4-4 Police-reported Canadian Crime Rate (1962-2011)



Source: Statistics Canada

Yet another way to look at the expenditure for the criminal justice system is to divide the nominal expenditure by the nominal gross domestic product (GDP). This provides the percentage of the Canadian economic output that is spent on criminal justice, showing whether it has been increasing, decreasing or staying constant.

The one consideration when dividing the criminal justice expenditure by nominal GDP is that significant changes to GDP affect its value. As a result of the 2009 recession, there was a 4.9% drop in nominal GDP between 2008 and 2009. This GDP decrease caused the criminal justice expenditure as a percentage of GDP to spike upwards in 2009 and subsequently drop lower in the following two years as the economy recovered and GDP increased.

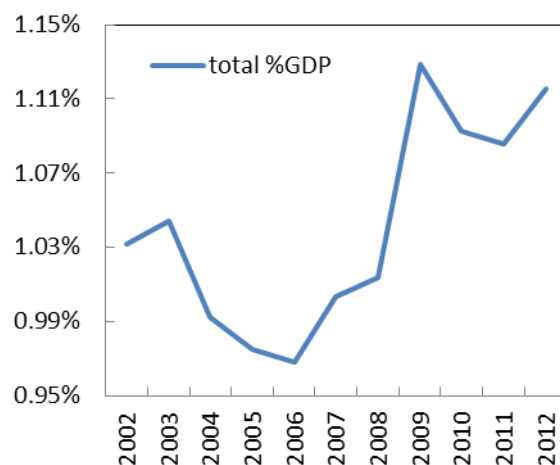
Figure 4-5 presents the criminal justice expenditures as a percentage of GDP. Notice the spike in 2009 due to the recession. Also notice that by 2011 and 2012, the slope of the line was back in line at a higher level with the slope between 2006 and 2008. Given that all the charts in this report that express expenditure as a percentage of GDP have this 2009 spike, it will not be discussed again. Furthermore, descriptive analysis of the results in this report ignores these effects, concentrating on the time period before and after the recession.

In considering the expenditure for the criminal justice system as a percentage of GDP in Figure 4-5, there was a steady decline from 2003 (1.044%) to 2006 (0.968%), following which it increased to 1.115% by 2012. From 2006 to 2012, the criminal justice system has increased its percentage of GDP by 0.147 percentage points. At the same time, throughout this period (2006-2011), crime has decreased by 20.5%.

We can better understand the cost drivers of the criminal justice system by separating total expenditure into its three primary components: security, courts, and corrections. Each of these is shown in Figure 4-6, Figure 4-7, and Figure 4-8 respectively.

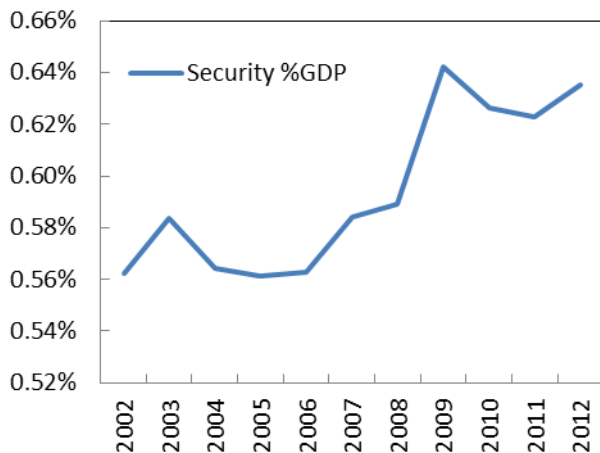
As can be seen from these charts, the drivers of the increase to the percentage of GDP have been security and corrections. Security expenditures were relatively flat in the beginning of the period and have been increasing steadily starting in 2007. On the other hand, correction expenditures were decreasing until 2007 when they started their increase. Court expenditures, after initially decreasing, have been increasing since 2006 but have not reached the same levels as 2002.

Figure 4-5 Criminal Justice Expenditure as a Percentage of GDP



Sources: Statistics Canada, PBO

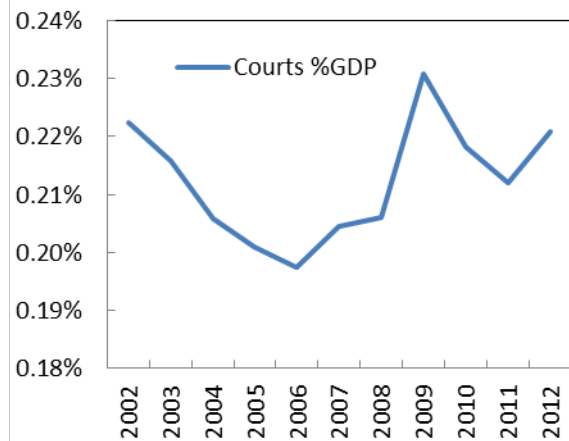
Figure 4-6 Security Expenditures as a Percentage of GDP



Sources: Statistics Canada, PBO

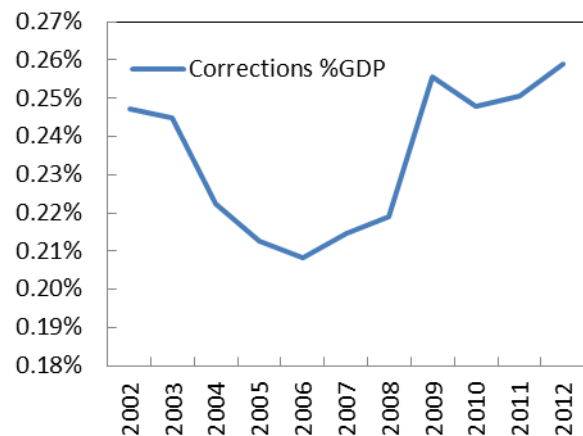
Another way to consider the changes in expenditures for the criminal justice system is by the proportion of the total expenditures each subcomponent has consumed over time. Pie charts with the expenditure proportions of the subcomponents in 2002 and 2012 are shown in Figure 4-9 and Figure 4-10. In 2002, security was 54% of the total expenditure with courts at 22% and corrections at 24%. By 2012, security represents 57% of the total expenditures, while courts have decreased to 20% and corrections decreased slightly to 23%. Though both the expenditure for security and corrections are increasing with regards to their share of GDP, it is security that is increasing at a faster rate.

Figure 4-7 Court Expenditures as a Percentage of GDP



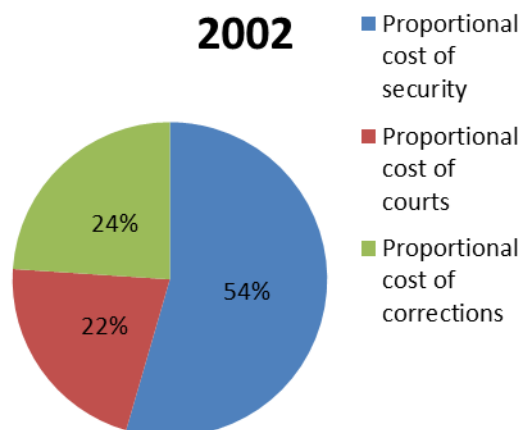
Sources: Statistics Canada, PBO

Figure 4-8 Corrections Expenditures as a Percentage of GDP

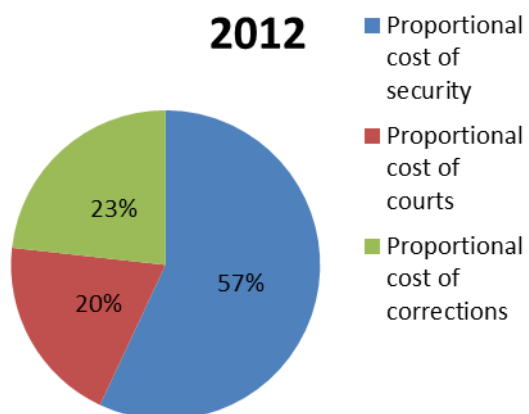


Sources: Statistics Canada, PBO

Further analysis and a discussion of each of these three components are presented in the following three subsections. Each subsection includes an analysis of the combined spending as well as the differences between the federal and jurisdiction spending.

Figure 4-9 Criminal Justice Expenditure Proportion 2002

Source: PBO

Figure 4-10 Criminal Justice Expenditure Proportion 2012

Source: PBO

4.1 Analysis of Security Expenditures

Figure 4-6 shows that the expenditure for security has steadily increased since 2006, starting out at

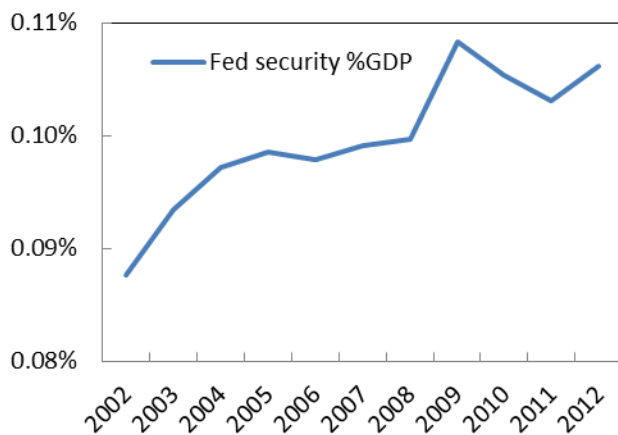
0.563% of GDP in 2006 and rising to 0.635% in 2012. This is an increase of 0.072 percentage points in 6 years. This increase in the expenditure for security's proportion of GDP translates into an additional \$1.3 billion (2012 dollars) spent in 2012 than would have been spent if the expenditure for security remained at its 2006 value of 0.563% of GDP. During this time period, the crime rate decreased by 20.5%.

Drilling down further into the expenditures for security, Figure 4-11 and Figure 4-12 present the security expenditures for the federal government and the provinces and territories respectively. As can be seen from the graphs, the federal government was responsible for the increase until 2005, and the provinces and territories drove the expenditure increase until 2011 when both the federal government and the jurisdictions shared responsibility for the increase in 2012. The anomalous spike in security expenditures in 2003 (ignoring the previously described recession spike of 2009) for the provinces and territories is due to a one-time increase followed by a decrease in 2004 for Québec municipal police expenditures. Since these values came from Statistics Canada's CANSIM tables, it is not possible to determine what caused this anomaly.

From a proportion of expenditure perspective, in 2002, the federal government had 16% of the security expenditures while the provinces and territories had 84%. By 2012, the proportions had changed marginally with the federal government responsible for 17% and the provinces and territories 83%.

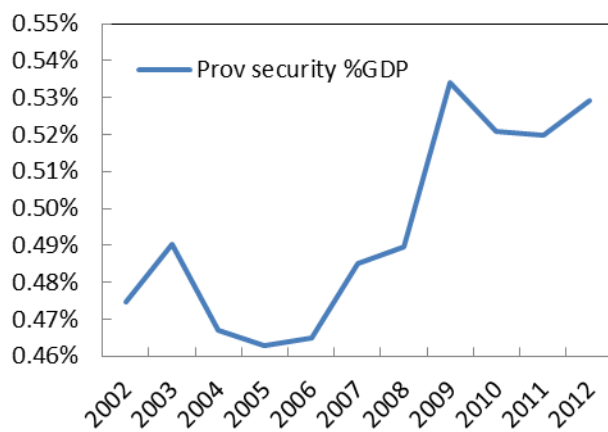
From 2002 to 2012, the federal government's security expenditure percentage share of GDP increased from 0.088% to 0.106%, which is a 0.018 percentage point increase. The provinces and territories increased from 0.475% to 0.529% which is an 0.054 percentage point increase. In 2012 dollars, this is an additional expenditure of \$327 million for the federal government and \$982 million for the provinces and territories above what would have been spent if the expenditure for security remained at its 2002 percentage of GDP values.

Figure 4-11 Federal Security Expenditures as a Percentage of GDP



Sources: Statistics Canada, PBO

Figure 4-12 Provincial Security Expenditures as a Percentage of GDP



Sources: Statistics Canada, PBO

4.2 Analysis of Court Expenditures

Figure 4-7 shows that though the expenditure for the court system has varied over the 10 years, the starting and ending value, as a percentage of GDP, are more or less the same. Nevertheless, the court expenditure is above its 2006 low. In 2006, courts expenditure was 0.198% of GDP and in 2012 this had

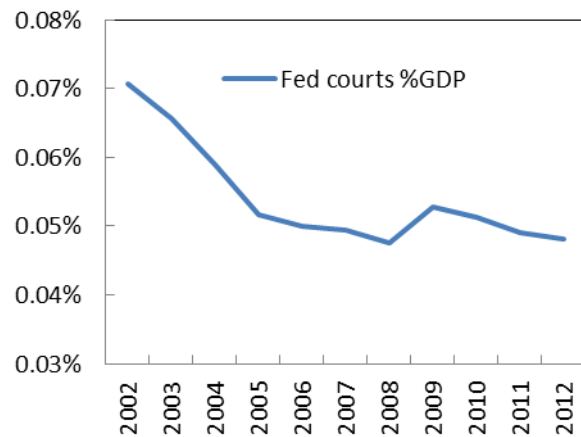
risen to 0.221%, a difference of \$418 million (2012 dollars).

Figure 4-13 and Figure 4-14 separate out the court expenditures for the federal government and the provinces and territories.

The share of court expenditures between the two levels of government has shifted over the 10 years with the federal government's share declining and the provinces and territories increasing.

In 2002, the federal government had 32% of the expenditures and the provinces and territories had 68%. By 2012, the federal government had 22% of the expenditures and the provinces and territories had 78%. The federal court expenditures are discussed next followed by the provinces' and territories' court expenditures.

Figure 4-13 Federal Court Expenditures as a Percentage of GDP



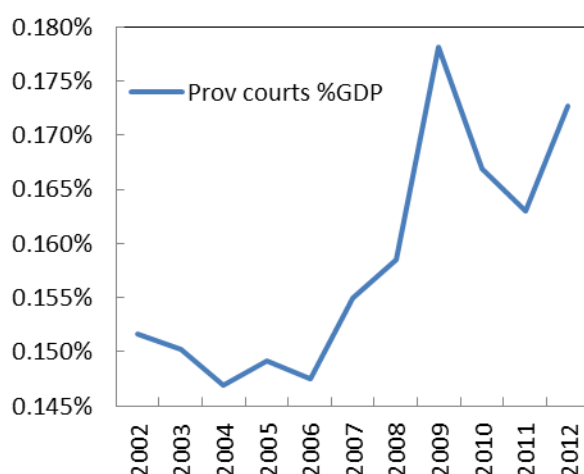
Sources: Statistics Canada, PBO

The federal government's percentage of GDP spending on courts has declined throughout the past 10 years with its biggest decline during the first three years.

Upon closer examination of the data, this expenditure decrease was due to a shift of spending from the Department of Justice's "Policies, Laws and Programs" line item to other non-criminal programs within the department. The majority of this decline

was due to the responsibility for the firearm registry being moved away from the department.⁶¹ It was assumed that “Policies, Laws and Programs” was 100% dedicated to crime such that this shift (nominal \$140 million decrease between 2002 and 2005) had the observed effect on the slope of the line. Overall, the federal government’s spending on courts decreased from 0.071% to 0.048% of GDP over the 10 years. This decrease has resulted in savings of \$418 million at the federal level in 2012 compared to if the percentage of GDP devoted to crime had remained at its 2002 level of 0.071%.

Figure 4-14 Provincial Court Expenditures as a Percentage of GDP



Sources: Statistics Canada, PBO

In considering the provincial spending on courts (Figure 4-14), it is apparent that the recent increase in combined (federal and provincial) court expenditures (Figure 4-7) is due to provincial spending over the past five years. A close examination of the data revealed that the provincial expenditure increases as well as fluctuations is due to several factors:

- fluctuating capital spending in Ontario (\$208M in 2009, \$108M in 2010, \$185M in 2011, and \$323M in 2012);

- a reduction of court and corporate services expenditures in BC (a decrease of \$23M in 2010 and a further decrease of \$71M in 2011); and
- relatively flat spending in 2010 and 2011 in Québec and Alberta.

With the assumption that Ontario’s capital spending will slow down in the near future, it is expected that the overall provincial court expenditure will decrease. Nevertheless, as it currently stands, provincial spending has increased from 0.152% to 0.173% of GDP over the past 10 years.

4.3 Analysis of Correction Expenditures

Figure 4-8, presents the graph of the combined federal and provincial and territorial spending on corrections over the past 10 years as a percentage of GDP. The expenditure for corrections decreased from 2002 until 2006 and then increased until 2012 (once again ignoring the 2009 recession spike). Spending was 0.247% of GDP in 2002 falling to 0.208% in 2006 then rising to 0.259% in 2012. From 2002 to 2012 the percentage point increase was 0.012 or \$218 million in 2012 dollars (or 4.86% increase). The difference between the low in 2006 of 0.208% and the high of 0.259% in 2012 is 0.051 percentage points or represents an increase of \$928 million in 2012 dollars.

Once again, separating the federal spending from the provincial spending provides a clearer picture of the corrections expenditure.

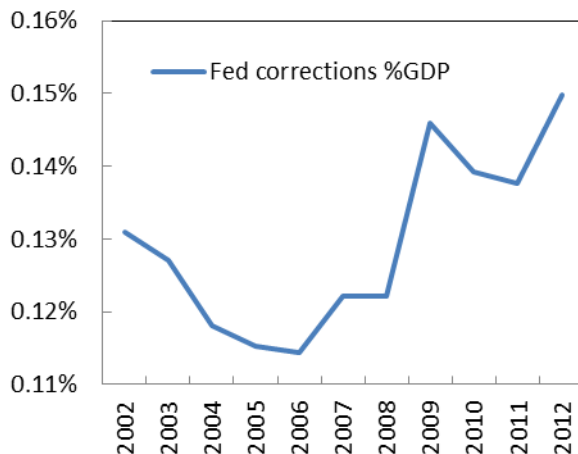
Federal spending is shown in Figure 4-15 while the spending for the provinces and territories is shown in Figure 4-16.

From a proportion of expenditures perspective, in 2002, the federal government had 53% of the expenditures for corrections compared to the provinces and territories 47% share. By 2012, the federal government’s share had increased to 58% with a commensurate drop to 42% for the provinces and territories.

⁶¹ http://www.oag-bvg.gc.ca/internet/English/parl_oag_200605_04_e_14961.html

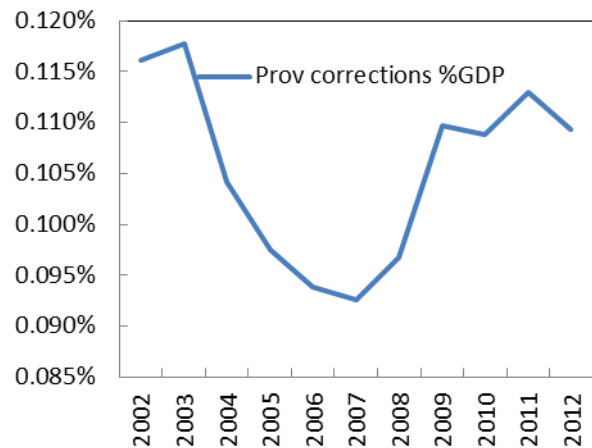
Comparing the correction expenditures for the federal government and the provinces and territories, both reduced the percentage of GDP spent on corrections between 2002 and 2006.⁶² In 2007, the federal government started increasing the percentage of GDP dedicated to corrections while the provinces and territories waited until 2008.

Figure 4-15 Federal Correction Expenditures as a Percentage of GDP



Sources: Statistics Canada, PBO

Figure 4-16 Provincial Correction Expenditures as a Percentage of GDP



Sources: Statistics Canada, PBO

From 2002 until 2006, the federal government reduced the percentage of GDP spent on corrections from 0.131% to 0.114% which then increased to 0.150% by 2012. The percentage point difference between 2002 and 2012 was 0.019 (\$346 million in 2012 dollars) and from the low of 2006 to 2012, it was a 0.036 percentage point difference (\$655 million in 2012 dollars).

For the provinces and territories, the percentage of GDP spent on corrections has decreased between 2002 and 2012 (0.116% versus 0.109%), though the percentage for 2012 is above the low of 2007 (0.093%). In terms of 2012 dollars, the reduction in spending between 2002 and 2012 is \$127 million and the increase between 2007 and 2012 is \$291 million.

In considering the federal and provincial and territorial spending patterns, a brief investigation was performed to determine whether it was operational or capital expenditures that were driving the changes.

As shown in Table 4-1, the federal government's annual average spending on capital between 2002 and 2006 was \$120 million per year and its annual average increase to operational spending was 2.72%. Over this time period, there were small decreases in capital spending and small increases in operational

⁶² The provinces and territories have a slight increase in 2003 due to a one-time jump in Institutional Services spending in Ontario that was subsequently reduced in 2004.

spending. When these values were divided by GDP, it resulted in correction expenditures as a proportion of GDP decreasing. From 2007 to 2012, annual average capital expenditures increased to \$206 million and annual average operational increases were 7.25%. So both increases in capital spending and operations contributed to the increase in federal spending on corrections.

Table 4-1 Average Federal Capital Spending and Average Increase in Annual Operational Spending

	2002 to 2006	2007 to 2012
Average annual operational %Δ	2.72%	7.25%
Average capital expenditure	\$120 million	\$206 million

Source: PBO

Turning to provincial correctional spending, the decline of its proportion of GDP from 2002 and 2007 was driven by capital expenditure reductions in Ontario and operational spending reductions in BC (yearly average -3.4%). For the increases from 2008 to 2012, it was a combination of:

- BC increasing operational expenditures rather than decreasing (yearly average increase 2.0%);
- Québec increasing its operational expenditures (yearly average increases changing from 3.5% to 5.9%);
- Ontario increasing its average annual capital expenditures from \$44 million to \$113 million; and
- Alberta increasing its average operational spending from 5.14% to 6.36%.

The drop in provincial corrections spending in 2012 from 2011 was due to a reduction in Ontario capital expenditure from \$256 million to \$204 million.

There are several other ways in which to view the increase in correctional spending over the past six years. One is to compare the incarceration rates and

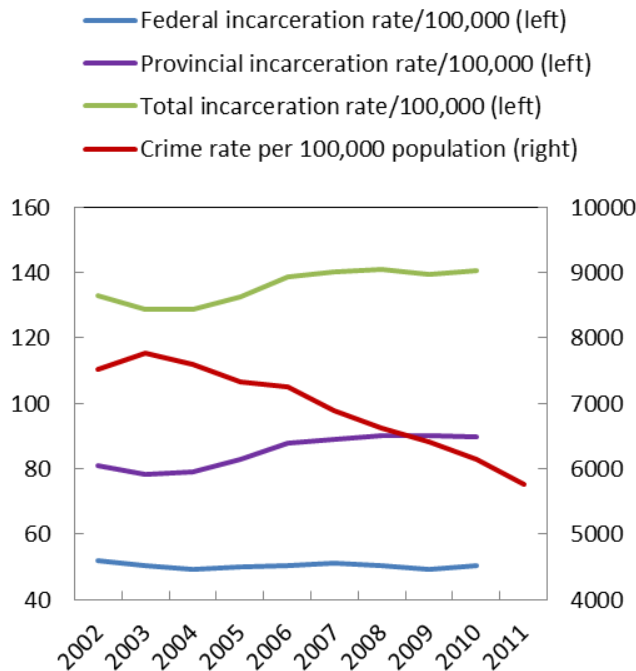
the crime rates and another is to compare per capita expenditure.

Starting with incarceration and crime rates, Figure 4-17 shows the federal, provincial and total yearly incarceration rates (2002-2010) in addition to the Canadian crime rates (2002-2011).

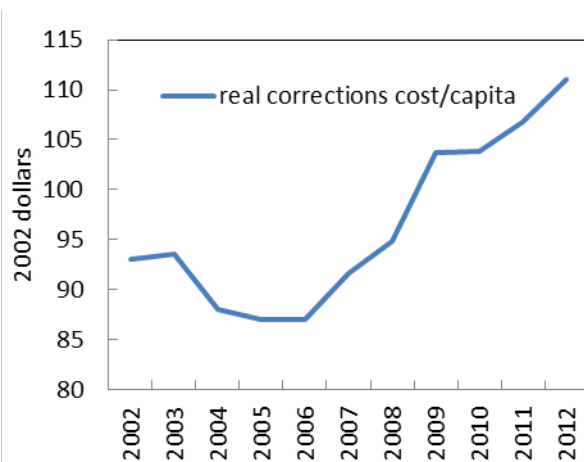
As can be seen from the graph, as the crime rate has dropped by 18.3% (7516 to 6139 per 100,000) between 2002 and 2010, the total incarceration rate has increased by 5.8% (133 to 141 per 100,000). This increase has been due to increasing provincial incarceration rates rather than federal. From 2002 to 2010, provincial incarceration rates increased from 132.79/100,000 to 140.53/100,000 while the federal rate has declined from 51.95/100,000 to 50.59/100,000.⁶³

Figure 4-18 presents a per capita view of corrections spending. In this figure, the correction expenditures for each year have been deflated to 2002 dollars and then divided by Canada's population for each year.

⁶³ Statistics Canada CANSIM tables 251-0005 and 251-0006.

Figure 4-17 Canadian Incarceration and Crime Rates

Source: Statistics Canada

Figure 4-18 Per Capita Correction Expenditures (2002 dollars)

Sources: Statistics Canada and PBO

Using per capita expenditures in constant dollars removes expenditure increases due to inflation and population growth. The graph shows that

commensurate with the drop in crime rate, the per capita correction expenditure in 2002 dollars dropped from \$93 to \$87 by 2006 after which it rose to \$111 by 2012.

5 Conclusions

This paper provides the first longitudinal estimation of the expenditure for the criminal justice system in Canada.⁶⁴ It includes policing, courts (judges, prosecutors, legal aid, and youth justice) and corrections (including parole) expenditures.

Expenditure information was collected from the public accounts for the federal government and for the four largest provinces representing 86% of the population and was used to estimate the total expenditures for all the provinces and territories. Expenditures were collected for fiscal years 2001-2002 through 2011-2012.

The expenditures provided here serve as a starting point to support an understanding of the expenditure for Canada's criminal justice system and its components as well as to enable parliamentarians to better scrutinize planned expenses. The key findings are:

- The expenditure for the criminal justice system in 2011-2012 was \$20.3 billion, which is 1.115% of GDP (2012 dollars).
- Criminal justice expenditures are split between the federal government and the provinces and territories 27% and 73% respectively (\$5.5 billion and \$14.8 billion in 2012).
- As a percentage of GDP, total criminal justice system expenditures trended downwards from 2002 to 2006 (1.032% to 0.968%) and since 2006 they have steadily increased to 1.115% in 2012.

⁶⁴ Previous studies by the Department of Justice (Zhang (2010)) and Statistics Canada (Taylor-Butts (2002)) only provided expenditures for a single year and were missing expenditures (e.g. the capital expenditures for police as well as youth justice system expenditures other than corrections).

- As a percentage of GDP, security expenditures at the federal level have steadily increased over the 10 years and at the provincial level from 2007 onwards. Federal security expenditures have increased from 0.088% to 0.106% of GDP. Provincial and territorial security expenditures have increased from 0.475% to 0.529% of GDP.
- Court expenditures at the federal level have decreased as a percentage of GDP from 0.071% to 0.048%. In contrast, provincial and territorial court expenditures have increased from 0.152% to 0.173% of GDP.
- Correction expenditures as a percentage of GDP declined for the federal government from 2001-2002 through 2005-2006 (0.131% to 0.114%) and increased through 2011-2012 (0.150%). For the provinces' and territories' correction expenditures as a percentage of GDP declined through 2006-2007 (0.116% to 0.093%) and have increased to 2011-2012 (0.109%).

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Appendix A — Other Considered Data Sources

A.1 Police Data Sources

There were only two readily available sources of police expenditure data: Statistics Canada's CANSIM tables and public accounts.

As described in the main body of the report, the Financial Management System (FMS) system was used for municipal police expenditures. Unfortunately it was not a viable option for the federal and provincial police expenditures. FMS collects financial information for the three levels of government (federal, provincial/territorial, municipal) covering years 1989 to 2009. The data for the federal and provincial expenditures in FMS come from public accounts. There is a category of data in the FMS titled Protection of Persons and Property and it includes expenditures on national defence, courts of law, correction and rehabilitation services, policing, firefighting, regulatory measures (all noncriminal), and other protection of persons and property (all noncriminal). The policing category could be used for the federal and provincial expenditures but unfortunately, the CANSIM tables that provide this information (table 385-001 and 385-002) are aggregated at Protection of Persons and Property such that policing is not visible.

Another option for police expenditures would be Statistics Canada's Police Administration Survey (PAS) (CANSIM tables 254-0001 through 254-0003). PAS is an annual pencil-and-paper survey of all police services across Canada. Among other things, it collects total operating expenses but not capital expenses.⁶⁵ Since capital expenses are an integral expenditure of the justice system, using the PAS data was not a viable option.

Public accounts were used as the source for federal and provincial police expenditures but were not a viable option for municipalities. Even though some municipalities publish their police budgets on line, it

⁶⁵ See http://www23.statcan.gc.ca/imdb-bmdi/instrument/3301_Q1_V13-eng.htm

is unlikely that all do. Furthermore, the effort to collect this data for all the municipalities across Canada would have taken too much time.

A.2 Court Data Sources

Similar to policing expenditures, there were two readily available sources of data for the expenditures for the court system. One was public accounts and the other was Statistics Canada through their surveys and CANSIM tables. The alternative data sources for each of the components that are included in the court expenditures (courts and judges, prosecutors, legal aid, and youth justice) are described in the following subsections.

A.2.1 Courts and Judges Data Sources

As described in the report, the data source that was used was full court expenditures from public accounts and using court hours to apportion out criminal court expenditures. The other available options were using Statistics Canada data such as FMS data or surveys such as the Courts Resources, Expenditures and Personnel Survey⁶⁶ and various Criminal Court Surveys.⁶⁷ Unfortunately, these Statistic Canada data sources do not have separate data on criminal court expenditures nor distinguish between the hours spent on criminal and civil activity.

A.2.2 Prosecution Services Data Sources

Statistics Canada did have a survey of prosecution services in Canada until 2003 titled Prosecutorial Services in Canada.⁶⁸ Given that the data was easily obtained from public accounts and that no estimation was required to fill in the data for missing years, public accounts data were used instead.

⁶⁶

<http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3310&lang=en&db=imdb&adm=8&dis=2>

⁶⁷ <http://www.statcan.gc.ca/pub/85-002-x/2010002/article/11293-eng.htm>

⁶⁸

<http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3322&lang=en&db=imdb&adm=8&dis=2>

A.2.3 Legal Aid Data Sources

The alternative to using Statistics Canada Legal Aid Survey was retrieving the legal expenditures from public accounts. Unfortunately, public accounts do not separate out criminal and civil legal aid. Given that LAS had separate line items for criminal and civil, which removed the need to perform estimations, it was selected as the data source.

A.2.4 Youth Justice Data Sources

No alternative data sources for youth justice expenditures were found.

A.3 Corrections and Parole Data Sources

Given the ease of obtaining corrections and parole expenditure data from public accounts and its perceived accuracy, no alternative data sources were sought out.

Appendix B — Proportion of Police Budgets Devoted to Crime

1. Ottawa Police Service Percentage of Budget Devoted to Crime Calculation

2010 Ottawa Police Service Budget (in 1,000s)

Overhead

Police Services	680
Executive Services	8,159
Corporate Support	34,934
Resourcing & Development	10,490
Support Services	26,279
District Directorate	33,378
Corporate Accounts	18,472
Financial Accounts	9,970

Total overhead	142,362
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100% Dedicated to Crime

Criminal Investigative	33,902
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Partially Dedicated to Crime

Emergency Operations Directorate (EOD)	20,092
Patrol	54,339

Total crime related budget	108,333
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80% =Percentage of EOD on crime

80% =Percentage of municipal Patrol on crime

Proportion of Police Budget Devoted to Crime = 86%

(Dedicated to crime + EOD*%EOD on crime + Patrol*%Patrol on crime)/total crime related budget

2. OPP Percentage of Budget Devoted to Crime Calculation

Percentage of provincial patrol on crime = 30%
Field Personnel Hours worked

Year	2009	2010	2011
Criminal	1,314,781	1,337,857	1,324,445
Traffic	896,774	908,595	848,104
Other	1,656,571	1,864,959	1,766,766
Patrol	1,701,324	1,802,883	1,865,314
Total hours	5,569,450	5,914,294	5,804,629

Portion assigned to criminal = 47% 46% 47%
(criminal + Patrol*%Provincial Patrol on Crime)/total hours
Three year average % field time spent on crime = 47%

OPP 2012 Budget in 1,000s

Corporate	144,496	overhead
Fleet management	60,754	overhead
Total overhead	205,250	

Firearms	6,288	crime
Organized crime	101,920	crime
Field and Traffic	303,000	partial
Total crime related	411,208	

Percent of total budget on crime = 61%
(firearms + organized crime + field & traffic*%field on crime)/total crime related

3. RCMP Percentage of Budget Devoted to Crime

RCMP 2012 Budget in 1,000,000s

police operations	1,667	partial	internal services	855	overhead
law enforce services	256	crime			
stat payments	61	crime			
international ops	61	crime			
heritage	12	not crime			
total not overhead	2,057				

Percent total budget on crime= 59%
(law enforce + stat payments + international ops + police ops*%on crime)/total not overhead

Appendix C — Criminal Proportion of Court Expenditure Calculation

Ontario Court Hours													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Civil	71,299	65,652	65,446	60,957	65,711	62,643	85,416	132,047	56,459	58,869	55,821	53,486	50,764
Ontario Court Criminal	222,004	237,824	246,424	257,559	260,694	271,245	277,619	277,711	284,080	288,386	292,398	288,173	281,362
Superior Court Criminal	49,811	48,335	45,750	46,574	48,433	49,706	51,955	53,496	49,930	53,678	53,565	52,501	52,572
Family - Superior Court and Ontario Court	66,244	75,099	77,893	74,782	75,515	80,902	86,866	86,702	85,815	90,007	93,268	94,719	96,526
Small Claims	27,876	26,672	27,566	28,773	28,461	30,336	32,540	31,937	29,635	32,846	33,101	34,855	36,660
Total Hours	437,234	453,582	463,079	468,645	478,814	494,832	534,396	581,893	505,919	523,786	528,153	523,734	517,884
Percentage of Hours on Criminal	62%	63%	63%	65%	65%	65%	62%	57%	66%	65%	66%	65%	64%
Average Criminal Hours 2000-2012	64%												

Expenditure Analysis of Criminal Justice in Canada

British Columbia Court Hours										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Provincial Adult	69,022	69,696	67,928	67,512	70,271	66,761	68,653	70,434	69,975	68,189
Provincial Traffic	11,316	10,799	8,045	7,648	8,632	7,803	4,459	6,866	7,193	8,093
Provincial Youth	7,657	7,220	6,844	6,532	6,067	5,729	5,814	5,581	5,242	4,393
Provincial Small Claims	15,355	13,697	12,683	11,352	11,797	12,519	12,779	13,875	13,341	13,605
Provincial Family	19,028	19,388	19,443	18,693	19,711	18,919	18,267	18,558	18,572	20,124
Supreme Civil	38,409	41,282	40,274	39,867	39,584	39,163	41,061	43,427	42,224	38,794
Supreme Criminal	18,639	18,045	18,459	13,416	15,944	15,416	14,536	13,849	12,954	14,675
Appeal Hours	2,462	2,074	1,809	1,570	1,724	1,649	1,603	1,675	2,173	2,414
Total Hours	181,889	182,202	175,485	166,591	173,729	167,959	167,174	174,266	171,673	170,287
(Appeals are ignored since they can't be apportioned)										
Proportion criminal	53%	53%	54%	53%	54%	53%	54%	52%	52%	52%
BC Average criminal over the time period	53%									

Expenditure Analysis of Criminal Justice in Canada

Alberta average % Hours Criminal in Provincial Court 76.6%

Alberta average % Hours Criminal in Queen's Bench 32.2%

Alberta Court Expenditures (1,000s)										
Provincial Court	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Calgary	13,547	14,970	17,313	18,799	20,193	20,834	21,747	22,913	26,024	23,837
Edmonton	13,024	13,669	15,953	16,570	17,934	18,270	18,409	19,020	21,763	20,901
Lethbridge	2,404	2,819	3,131	2,942	3,118	2,954	3,396	3,485	3,695	3,182
Red Deer	2,086	2,316	2,363	2,535	2,766	2,452	2,761	3,109	3,614	3,544
Total	31,061	33,774	38,760	40,846	44,011	44,510	46,313	48,527	55,096	51,464
Queen's Bench										
Calgary	6,453	6,772	7,287	7,597	7,896	8,955	9,653	10,028	10,623	10,835
Edmonton	6,766	7,260	8,089	8,586	8,696	9,152	9,944	9,013	9,591	9,992
Lethbridge	496	539	597	700	716	855	927	950	1,027	1,051
Red Deer	752	754	777	787	958	1,110	1,208	1,195	1,213	1,308
Total	14,467	15,325	16,750	17,670	18,266	20,072	21,732	21,186	22,454	23,186
(Appeals are ignored since they can't be apportioned)										
Proportion criminal	62%	63%	63%	63%	64%	63%	62%	63%	64%	63%
Alberta average criminal over the time period	63%									

Appendix D — Estimation of Youth Justice Expenditures

BC Youth justice expenditures from their accounting system. It's missing virtually all overhead for all years plus building occupancy expenditures after 2010. Expenditures in \$1,000 and per capita are actual \$

BC youth justice expenditures	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
raw values			75,492	69,327	67,816	73,283	75,525	76,946	75,240	74,207	68,849
add 30% for overhead & 35% after 2010			98,139	90,125	88,161	95,268	98,183	100,030	97,812	100,179	92,946
per capita			24	21	21	22	22	22	22	22	20

Ontario youth justice expenditures	203,591	217,728	234,898	245,038	273,253	295,905	308,093	323,159	349,267	362,305	369,940
per capita	17	18	19	20	22	23	24	25	26	27	27

BC estimates using 2006-2009	74,223	78,076	81,928	85,780	88,161	95,268	98,183	100,030	105,041	108,893	112,745
per capita	18	19	20	20	21	22	22	22	23	24	24

% per capita difference BC estimate to ON	-7%	-6%	-4%	-4%	4%	5%	6%	10%	14%	14%	12%
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Alberta youth correction facilities	20,396	22,441	22,239	23,162	22,914	28,128	32,335	34,731	33,353	32,010	31,909
per capita	7	7	7	7	7	8	9	9	9	8	8