



No.39

Estimates of the Cost of Crime in Australia

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Governments have to make tough decisions about priorities when there are limited resources available. The fight against crime has to share the spotlight with health, welfare, education, defence and other issues. It is imperative, therefore to know the size and nature of the problems faced by the criminal justice system. This Trends and Issues is a major attempt to fit together all the pieces of the jigsaw. Its conclusion make a significant contribution to our knowledge about cost of crime and the criminal justice system, and will greatly assist planners and policy makers.

Duncan Chappell
Director

- How much is crime costing the Australian economy?
- How are these costs shared between the different types of crime - such as violent offences, property offences, drug offences and so on?
- How are these costs shared between the public and private sector, and between individuals and organisations?
- What are the costs of the various efforts made by the community to prevent crime and to catch and punish offenders?

None of these questions can be answered with any precision. In some respects this is a consequence of the failure of society, and particularly our criminal justice agencies, to maintain full and accurate records on the costs of crime and justice. This is an excusable failure, however, because the task would be a monumentally difficult one involving quantities of paperwork which most people and organisations would find excessive and intrusive. But there is a second and more significant reason why we cannot answer the questions precisely, and that is that the more one tries to define what are the costs of crime, the harder it becomes to actually do the accounting. Measuring the overall costs of crime is nowhere near as simple as answering the old-age question about the length of a piece of string - it is much more akin to estimating the length of a piece of knotted elastic.

This exercise brings together the available 'credible' estimates of the costs of crime in Australia, updated if necessary to current year prices. It must be stressed that these figures can at best be regarded as estimates only, and that they vary considerably amongst themselves in the extent to which they include 'intangible' and long-term costs. It must also be noted that there do not appear to be many equivalent figures from other countries, with which these estimates can be compared, so that it is

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impossible in most cases to say whether Australia is better or worse than elsewhere. Nevertheless, the relative costs of different types of offence are revealing and they may contribute to a new and better understanding of the problems faced by the criminal justice system as we approach the twenty-first century.

Defining the Costs of Crime

The costs of crime include not only the property losses and/or medical costs incurred during the actual incident and its immediate aftermath. They include the costs of the long-term and the wide-ranging consequences of the incident, the costs of preventative efforts made to reduce the future incidence or severity of such crimes, and they include the costs of the criminal justice system itself, which is set up to deal with the offenders.

To complicate matters further, two quite separate types of costs are identified by economists (Home Office 1988)—The financial and the economic costs of crime.

- The financial costs are those costs which are not, in the eyes of economists, losses to the community, but are illegal transfers of purchasing power from victims to offenders. Thus the thief who steals \$100 is better off by that amount, cancelling out the \$100 loss incurred by the victim; the drug trafficker's million dollar business does not remove that money from the community, but merely redirects it from the users' pocket to his own, and thence back into circulation. Financial costs take resources from victims and transfer them to offenders, yet we intuitively count them as costs of crime, and this report follows this intuition.
- Economic costs of crime, or opportunity costs, arise when crime causes society to divert time, energy and resources from more productive purposes. These would include the diversion of scarce

medical resources, which could be used elsewhere, to the treatment of victims of crime, the quality of life losses incurred by victims assisting police with inquiries, as well as the more obvious costs of public and private resources used against crime.

The Problem Involved

Neither financial costs nor economic costs of crime are always easy to define or measure. Take, for example, the economic costs of crime prevention activities. These include such expenses as installing physical barriers to crime (such as locks and bars on windows), and other deterrents (such as lighting and security patrols), and are clearly substantial. Some of the more obvious of these costs can be estimated from security industry sources, but they are no more than a fraction of the total community expenditure. There are far more intangible crime prevention measures which we often take for granted, but which ought to be included. For example, it is difficult to identify which features, say of architectural design or of lifestyle, are purely crime prevention measures and which have other functions. Perhaps the best example is that of having a family dog on the premises to give protection against burglary, which is one of the most common household crime prevention measures (almost 40 per cent of households, according to the latest International Crime Victims Survey (ICVS) results—see Walker 1991a; Van Dijk et al. 1990). Although undeniably a deterrent, it would be difficult to determine what portion of the cost of keeping the dog should be allocated to crime prevention. Whatever estimates of the costs of crime prevention activities are obtainable from the security industry are gross underestimates therefore of the total crime prevention costs, yet the extent of the underestimation is, by its very nature, indeterminate.

The long-term and indirect costs of crime are often particularly difficult to define. For example, it would be uncommon for serious victimisation to cause severe emotional stress which in turn affects employability and therefore career earnings. These types of costs can be seen to have economic 'multiplier effects' in which the victims' families, relatives, business associates and even whole communities also suffer losses. Where do we draw the line?

The criminal justice system itself costs taxpayers many millions of dollars each year, yet its many employees pay tax, contribute immensely to the Gross Domestic Product, and indeed sometimes contribute to the country's exports of services when their services are paid for by overseas clients. Arguably only the net costs, not the total costs, of the justice system should be counted. It is extremely difficult to make these distinctions, however.

The counting of payment of fines is another example of the difficulties which must be addressed in costing the justice system. The published figures on the net costs of the criminal courts area sometimes very low indeed—occasionally, if we believe the data, negative, because the income from fines exceeds the costs of the administration of justice. If we are to include fines as income to the system it would be very hard to deny that, for example, offenders caught deriving while unlicensed are actually benefiting the community by committing their crime and paying a fine. A similar offender sent to prison would indeed be imposing significant costs on the community. Fines should not be used to offset court costs in these computations, but the revenue from fines should be seen, like taxation, as a source of finance for the system as a whole, to be counted as it were on the other side of the ledger, and is not within the scope of this paper.

Similar problems are encountered in respect of insurance payouts and, indeed, with Criminal Injuries

Compensation payments. Suppose the total direct cost to victims of 'insurable' crimes in a given period is \$X million, for which they in turn paid for out of policy premiums totalling &Z millions. The cost to the community are not the sum X+Y+Z, because effectively the insurances payouts (Y) and the premiums (Z) are largely the same funds, simply going in and out of temporary storage. Apart from the initial costs of the crime (X), the only additional expenditures to be included are the administrative expenses of the insurance companies. The total costs (disregarding complex adjustments for the community benefits of taxation and so on) should therefore be calculated as X+Y+Z. Criminal Injuries Compensation operates similarly as a publicly funded form of payment to victims of crime, funded by taxation or by the confiscated proceeds of crime. In this case, we need to count only the cost of the crime plus the administrative costs incurred by the bureaucracy in making payments.

It can be argued that sometimes there are community benefits in crime. A simple example could be that the income from the proceeds of a property crime may reduce the need for social welfare of numerous exporting countries; this can lead to some dilemmas for the researcher of the costs of crime. For example, if, as has been claimed, some of Australia's imports of illegal drugs are paid for by the proceeds of the illegal export of Australian wildlife, which side of the balance sheet do we place the proceeds of these crimes? Are the wildlife exports a cost to Australia or an income, and at whose valuation—the \$800 overseas value per galah or the negligible actual costs associated with the loss to the Australian environment?

Estimates of the Costs of Crime

The estimates are presented in the order suggested by the Australian

Table 1: Summary of Estimates of Costs of Crime and Justice

Major Category	Best Available Estimate of Current Costs	% of Grand Total
Homicide	Maximum \$275 million	1.0-1.6
Assaults, including Sexual Assaults	Minimum \$331 million	1.2-2.0
Robbery & Extortion	\$93 million	0.3-0.6
Breaking and Entering	\$893 million	3.3-5.3
Fraud/forgery/false pretences	\$6710 million-\$13770 million	39.9-51.1
Theft/illegal use motor vehicle	\$667 million	2.5-4.0
Shoplifting	\$20 million-\$1500 million	0.1-5.6
Other Theft	\$545 million	2.0-3.2
Property Damage/Environmental	\$525 million-\$1645 million	3.1-6.1
Drug Offences	\$1200 million	4.5-7.1
Total Crime	\$11259 million-\$20919 million	67.0-77.7
Police & Law Enforcement	\$2575 million	9.6-15.3
Courts & Administration of Justice	\$619 million-\$1030 million	3.7-3.8
Corrective Services	\$600 million	2.2-3.6
Other CJS	\$500 million-\$550 million	2.0-3.0
Total Crim. Justice System	\$4294 million-\$4755 million	17.7-25.6
Other	Minimum \$1250 million	4.6-7.4
Grand Total	\$16803-\$26924 million	100.0

National Classification of Offences (ABS 1986), which ensures that all offences are considered (see Table 1 for summary). For the time being, costs associated with criminal justice proceeds are excluded and will be dealt with in a later section. Estimates based on pre-1990 data have been updated using an annual inflation rate of 10 per cent. More recent figures have not been adjusted because of the considerably lower rates of inflation in Australia since 1990.

Homicide

According to Mukherjee & Dagger (1990), around 350 homicides occur each year (based upon police counts of numbers of offences reported). Steadman (Victorian Office of Road Safety) has been widely quoted, having estimated that each homicide costs the community approximately \$1 million, excluding the costs of the prosecution and trial itself, but including the income forgone by the imprisoned offender, and the costs of supporting the surviving dependents of both victim and offender (see Law Reform Commission of Victoria 1990, p. 15).

This figure is in broad accordance with UK estimates (Home Office 1988, p. 21) of deaths caused by fatal accidents (around \$700,000 excluding

justice system costs). The total costs of homicide would therefore be around \$350 million per year. The cost of imprisonment of the 1500 or so persons currently in prison for homicide would alone amount to \$75 million per year, however, and this would need to be deducted, along with police costs, to avoid double counting.

*Total for this category:
Maximum \$275 million*

Assaults, including Sexual Assaults

The ICVS data suggest that in 1988 somewhat over 1,080,000 people were victims of non-sexual assaults of which around 42,000 needed some medical treatment. Additionally, an estimated 85,000 women were victims of a sexual assault or an attempt. The National Injury Surveillance and Prevention Project (NISPP) has estimated that injuries from intentional violence cost as much as \$286 million per annum. In addition, the cost of refuge accommodation for victims of domestic violence (Mugford 1989) would be around \$45 million at today's prices. The NISPP estimates give average total costs per incident at \$245 and per injury at up to \$7000, which appear to be credible when one is considering immediate loss of earnings and medical expenses. Some

researchers, however, such as the New South Wales Women's Coordination Unit estimate the long-term losses of earnings and the social costs faced by victims of domestic violence to many times these figures. The NISPP figures therefore represent the more immediate and tangible costs of violence, but it is recognised that they may be gross underestimates.

*Total for this category:
Minimum \$331 million*

Other Offences Against the Person

No estimates have been found for costs of offences in these categories. Although each incident may incur heavy costs, they are comparatively rare events (such as kidnapping or endangering life), and much of the cost would be included in criminal justice system expenditures which are tabulated later.

Total for this category: N/A

Robbery and Extortion

Estimates derived from the 1989 ICVS suggest that over 128,000 robberies targeting individuals or households alone occurred in 1988, of which over 67,000 were said to have been reported. These figures combined with survey estimates of average losses per incident (\$74 for non-reported incidents and \$2388 for reported incidents in 1988) and NISPP estimates of the costs of injury, suggest current costs of the order of \$253 million. These survey figures do rely, however, on a very small sample, and although reasonable by comparison with official Australian figures on numbers of robberies actually reported to police for the same year (see Mukherjee & Dagger 1990). These official figures suggest that only around 11000 robberies were reported to police in Australia in 1990-91. The extent of the discrepancy relative to the victims survey results suggests problems of definition.

A New South Wales Bureau of Crime Statistics and Research study (1987) based on 1983 data, suggests

that about half of the robberies recorded by police targeted individuals, and the average property loss for such offences was equivalent to around \$800 at today's prices. These data suggest a total cost, including the NISPP component for injuries and an allowance for inflation, of only \$6 million per year. Perhaps the most credible compromise estimate is one which uses the survey results for incident frequency and costs of unreported crime, together with the \$800 figure for average cost of reported robberies—seemingly more realistic than \$2388 in context of robberies targeting individuals. This assumption gives a figure, including the NISPP component for injuries, of \$75 million.

Other target groups, such as petrol stations, chemists and financial institutions were included in the New South Wales study, which suggest that the average commercial robbery in that state in 1983 netted around \$5000 at today's prices. The 1983 data, however, were heavily skewed towards robberies of financial institutions, which averaged around three times greater losses than other commercial robberies. Target hardening since then has probably significantly reduced the banks' share of commercial robbery (pers comm., Finance Sector Union, Victorian Branch), and hence reduced the average takings. A figure of \$3000 is more consistent with Victoria Police data for 1990-91 (1991, p. 94).

Although the NSW survey also suggested that actual injuries were less frequent in commercial robberies than robberies of individuals, the Finance Sector Union, which supports many staff members who have faced armed and other robbers, has suggested that significant injuries and trauma can result from such incidents (for example absences from work ranging from 1 to 5 days; Criminal Injuries Compensation payments averaging almost \$3000 per award between 1986 and 1991). The NISPP average might in these circumstances appear to be low, considering the

impact on employees of having to return to work at the scene of the incident. Nevertheless, using that estimate of \$245 per incident, and the \$3000 average financial loss, a figure of \$18 million is derived for the year 1990-91.

As is the case for all offences involving property loss, the estimation of costs is complicated by the extent to which stolen property is recovered; 7 per cent of stolen property in England and Wales was recovered. No information has been found to provide meaningful estimates of this, however, for Australia, and the small percentage suggests that it may reasonably be ignored.

Total for this category: \$93 million

Other Offences Against Property

Breaking and entering: Estimates derived from the 1989 ICVS suggest that burglaries targeting households alone cost \$550 million in 1988, including the cost of damage to property incurred during the offence. This does not include burglaries of garages, sheds or other out houses. Extrapolation from Potas et al. (1990) and from Victoria Police data for 1990-91 appears to support this figure

The Victoria Police data suggest an average property loss of \$2340 per commercial break-in and \$1000 per other premises break-in, while aggregated police data on crimes reported suggest a combined total of non-dwelling offences reported at around 180,000 in that year in Australia. From this we derive a total cost of non-dwelling break-ins at \$343 million. This does not include unreported crime, but we may assume that non-reporting of such incidents is rare and that when they are not reported they are unlikely to be costly.

*Total for this sub-category:
Minimum \$893 million*

Fraud and Misappropriation:

This is without doubt the most difficult type of crime to assess. Police statistics provide little information on the cost of individual incidents, and there is much evidence to suggest that quite frequently the victims themselves do not know the extent of the fraud. As the Home Office report found, estimates of costs vary tremendously (fraud on retail traders in England and Wales was variously costed between Stg 15,000 and Stg 1,300,00 per annum). Nevertheless, they also found that 'the cost of fraud easily outweighs all other types of property crime', and in national estimates for 'total direct costs' of reported property crime in 1985 fraud accounted for exactly two-thirds of the overall figure. The Australia estimates assembled here present a somewhat similar picture.

Insurance Fraud: The Insurance Council of Australia (1992) has estimated that \$1700 million is paid out annually by the insurance industry for fraudulent claims. (Earlier ICA figures suggest that of this total, \$620 million was for fraudulent claims for workers' compensation, false claims on motor vehicle insurance accounted for \$800 million household insurance for \$100 million and fire insurance for 62 million).

Business Fraud: Individual large scale corporate crimes in Australia are each believed to cost

hundreds of millions of dollars in terms of funds diverted by business proprietors and executives to illegal use (Victoria Police 1991b; McCusker 1990). A clue to the extent of corporate crime is found in the rapid 18.7 per cent growth of large-denomination bank notes in circulation in Australia following the tightening of laws relating to bank account identification, together with the up to \$400 million discrepancy in cash flows being reported into and out of Australia (advice received from the Cash Transactions Reporting Agency 1992). A further clue is revealed by the estimated \$2 billion or more annual turnover of the illegal drugs trade, much of which would be laundered through false business dealings (Parliamentary Joint Committee 1989, and conclusion drawn from it by cash Transactions Reporting Agency). Considerably more work appears to be required in this area, however, to assemble a realistic estimate which eliminates the possibility of double counting.

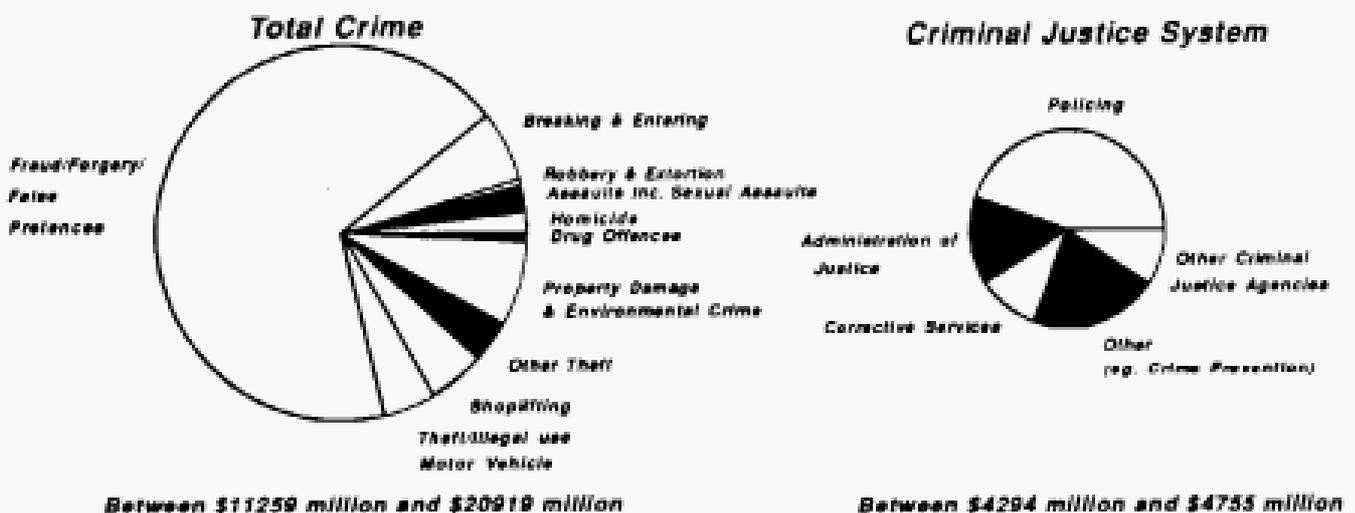
Computer abuse: Data from a number of sources suggest national annual figures between \$300 million and \$700 million depending on the extent of overlap between the estimates. (South Australia: Fraudulent use of credit cards and electronic banking facilities—see Schramm 1990; Victoria: credit card and cheque frauds; the Australia Computer Abuse Research Bureau:

includes unauthorised access/use, sabotage, electronic diversion of funds and pirating of software (see figures presented to Australia Institute of Criminology Computer Fraud Seminar, Canberra, 1991, as reported by *The Canberra Times* 20 February).

Fraud in the public sector : The Australian Federal Police Association has been estimated costs of public sector fraud at around \$9 billion. Including tax frauds estimated at \$3 billion, social welfare fraud at \$2 billion, Customs duties evasion at \$2.5 billion, health/Medicare fraud at \$700 million and defence fraud at \$800 million (*Australia Business*, October 1988).

The respective governments, however, concluded that the total was actually less than \$2.3 billion (see *The Canberra Times*, 16 July 1990; *Sydney Morning Herald*, 20 March 1991; Commissioner of Taxation 1991). The different may be largely due to different guesses at the extent of undiscovered crime. The difficulties involved in estimating the cost of fraud in the public sector cannot be denied; they may involve, for example, loss of public confidence or the capability of a piece of Defence equipment (Department of Finance 1992). It is worth noting, however, that while private sector interests may sometimes inflate the extent of estimated losses due to crime in order to excuse worse than expected business results or maximise

Figure 1: Cost of Crime and Justice



Note: Mid-range estimates have been used where Table 1 gives ranges of estimates.

insurance payouts, it is never in the interest of government departments to do likewise. On the contrary, the temptation is to underestimate the extent of fraud in their area of interest in order to avoid unwelcome publicity and audit intervention. In this light, presenting the range of estimates from optimistic to pessimistic may be as precise as it is wise to be for the purposes of this report.

*Total for this sub-category:
\$6710-13770 million*

Handling stolen goods: It appears that, as these offences are consequential to previous property crimes, no additional costs are incurred by victims. Additional police, court and correctional costs may be incurred, but these are dealt with elsewhere.

*Total for this sub-category:
Nil*

Theft of motor vehicle, boat, aircraft: Estimates derived from the 1989 ICVS suggest that motor vehicle thefts targeting individuals or households alone cost \$667 million in 1988. This is supported by similar estimates by Potas et al. 1990, whose estimate was based on insurance payouts and would not therefore have included offences in which insurance companies were not involved, and with the 1990-91 Victoria Police data. No information has been obtained to date on theft/illegal use of other vehicles.

*Total for this sub-category
\$667 million*

Stealing from the person: Estimates derived from the 1989 ICVS suggest that stealing from the person cost \$288 million in 1988, a fifth of this being by unreported crime. Comparable Victorian data for 1990-91 sum to around \$50 million for reported crime only, and therefore suggest the survey results may be reasonably good.

*Total for this sub-category:
\$288 million*

Stock theft (that is farm livestock): Victoria Police data for 1990-91 give a figure of just over half

a million dollars for stock theft, which if representative of Australia as whole gives a figure of around \$2 million per annum. New South Wales Police rates (NSW Bureau of Crime Statistics and Research 1991) of reported stock theft for 1990, however, are over twice the Victorian rates per 100,000 adult population, and may be more representative of the Australian average. This suggests a figure more like \$5 million per annum, but given the very much greater potential for stock theft in the other jurisdictions, even this may fall well short of the true figure.

*Total for this sub-category:
\$5 million*

Shoplifting: Potas et al. (1990) used a Retail Traders Association of Australia rule of thumb that suggests the value of goods stolen from retail stores by customers and by employees is of the order of 1.75 per cent of total retail sales. That resulted in a total estimate of \$1500 million at today's prices. New South Wales Retail Traders Association have used figures which suggest a national figure of \$1000 million per annum (Geason & Wilson 1992). These figures are very significantly greater than extrapolation of Victoria Police data would suggest (less than \$ 20 million per annum for Australia), but police data would not include unreported crime, which would probably be significant as stock shrinkage is often not detected until stocktakes are done—89 per cent of losses in England and Wales are unexplained (Home Office 1988).

*Total for this sub-category:
\$20 million-\$1500 million*

Other theft: Estimates derived from the 1989 ICVS suggest that stealing from motor cars cost \$222 million in 1988. Bearing in mind the unreported crime, this figure appears to be supported by the Victorian Police data. Estimates also derived from the 1989 ICVS suggest that bicycle theft cost \$30 million in 1988. Again the figure appears reasonable by comparison with the Victoria Police

data (almost \$4.6 million for Victoria Police 1991a).

*Total for this sub-category:
\$252 million*

Arson and other property damage: Potas et al. 1990, using New South Wales Fire Brigade figures for arson-related damage, arrived at a 'conservative' figure which if representative of Australia overall would now be worth around \$260 million. Victoria Police data support this figure; however, \$55 million of this would appear to be double-counted by the figures on insurance fraud (see above).

Estimates derived from the 1989 ICVS suggest that damage caused to private motor cars alone cost \$240 million in 1988. Aggregating Potas et al. estimates based on local authority, education department, Telecom and State Rail Authority data for 1986-87, one arrives at a minimum figure for public property damage equivalent perhaps to \$120 million in today's prices. Extrapolation of Victoria Police data for total property damage excluding arson, gives a figure in the order of \$80 million per annum. Both of these seem very modest figures by comparison with estimates for England and Wales, which suggested that criminal damage to public property alone stood at five times the cost of damage to individual victims (Home Office 1988). On this basis, public property damage costs must be at the very least \$1200 million.

*Total for this sub-category:
\$525 million-\$1645 million*

Pollution/flora and fauna/other environmental offences: The value of illegal exports of native Australian wildlife was estimated in 1985 at \$60 million at today's prices (Bottom 1985). But this estimate represents an income to Australia, generated by the export of merchandise whose price is vastly inflated by its illegal status. It is a measure of the value of trade, not the cost to the Australian community. For example, the loss of rare species may result in a calculable loss of tourist revenue. Much of this illegal income is, however, generated by the

export of animals and birds, such as the galah, which are extremely common in Australia but fetch a high price overseas. It appears futile to try to estimate such costs. Other environmental offences, such as pollution of our beaches, may cost millions of dollars to clean up and may result in tangible losses in tourist incomes, yet estimates of such costs do not appear to be available.

*Total for this sub-category:
N/A but significant*

Offences Against Good Order

As these offences are mostly so called victimless crimes or are consequential to previous crimes, it is difficult to identify costs incurred by victims. Costs incurred by the community in general, where identifiable, are often counted elsewhere, as in the estimated \$96 million loss of taxation revenue from undeclared earnings of prostitution (Gerull & Halstead forthcoming). Breaches of the laws relating to alcohol would be responsible for some proportion of the total costs of alcohol abuse (which NCADA suggests are \$6000 million) and should therefore be included in our accounts. Prison statistics (Walker 1991b) show a very strong link between alcohol and crime, but a considerable proportion of alcohol abuse is not a consequence of any illegality. The costs of alcohol-related offending are counted elsewhere in this report and no means have been found to isolate other crime-related costs, including health and income reductions.

Total for this category: Nil

Drug Offences

Like alcohol, the costs associated with drug offences lie in the consequences of substance abuse rather than in the commission of the crime itself. These are principally in the health, law enforcement and tax evasion areas. The National Campaign against Drug Abuse (see Collins & Lapsley 1991) gives a figure of just over \$1200

million for total costs of the abuse of illicit drugs in Australia in 1988, including treatment of drug related illness, accidents resulting from drug use/misuse, loss of productivity due to absenteeism, premature death, property crime and damage, and excluding justice system costs. However, the crime element of this is double-counted by other categories in this compilation, and should therefore be subtracted from this figure.

*Total for this category:
\$1200 million*

Traffic Offences

While some of these offences clearly involve loss of revenue to the government (such as non-payment of parking meter fees), most do not per se impose costs on individual victims or on the community. Some offences, however, such as dangerous driving, may be associated with serious injury and property damage. Driving causing death is counted as homicide, and need not be counted here, but culpable driving causing injury would generally not result in an assault charge, so must ideally be costed here. To date, however, no estimates have been found.

Total for this category: N/A

Other offences

Many of these offences, including breaches of business and trade practices legislation, offences in custody and child welfare matters, are covered under other broad headings. Other categories are arguably victimless and result in only criminal justice operational costs, which are covered elsewhere

Total for this category: Nil

Estimates of the costs of the Criminal Justice System

The complexity of the financial data on the criminal justice system is discussed in the Australian Institute of Judicial Administration's 1989 report *Financing the Australian Courts*

(Barnard & Withers 1989). Other figures are provided by Mukherjee et al. (1989) and the Commonwealth Grants Commission (1990). They differ in that some include quasi-justice agencies such as the liquor Licensing Boards, the Trade Practices Commission, the Administrative Appeals Tribunal and police emergency services.

The AIJA report forms perhaps the best basis for compilation, and has been extrapolated to give estimates at around the year 1990 to match the other estimates in this report. Additional sources are needed to include the numerous Commonwealth funded agencies under the Attorney-General's portfolio, such as the National Common Police Services and the various Commissions concerned with business fraud and tax evasion. These are listed in the Commonwealth Budget papers for 1991-92 and are included in the estimates below (Department of the Treasury 1991).

Police and Law Enforcement

The AIJA report gives a current figure of \$2442 million at the prevailing rate of growth. To this must be added, from the Commonwealth Attorney-General's budget, amounts totalling almost \$178 million for the Australia Bureau of Criminal Intelligence, the National Crime Authority, the Australian Securities Commission and the Cash Transactions Reports Agency (Commonwealth Grants Commission 1990). Numerous other law enforcement's bodies such as the National Police Research Unit, the National Institute of Forensic Science, the National Crime Statistics Unit and the National Exchange of Police Information are funded out of law and order budgets already included. The resulting figure is very similar to extrapolated New South Wales figures (NSW Bureau of Crime Statistics and Research 1992) which suggest a national total of \$2680 million for 1990-91 policing, excluding capital works. These figures, however, may need some

discounting for the considerable non-crime related work done by the police.

*Total for this category:
\$2575*

Courts and Administration of Justice

The extrapolated AIJA figures for Courts and Administration of Justice total \$563 million. To this should be added \$56 million for the Australian Law Reform Commission and the office of Director of Public Prosecutions (Commonwealth Grants Commission 1990), making a minimum total of \$619 million. Arguably, a proportion of the \$195 million administrative costs of the Commonwealth Attorney-General's Department should also be included here, but it is difficult to assess what proportion to use since their functions included here, but it is difficult to assess what proportion to use since their function include far more than just the criminal law. Extrapolating New South Wales data (Department of the Treasury 1991), which also include civil law administration, suggests that a maximum estimate for the national total could be as high as \$1030 million. This does not include any estimate for countless working days lost by witnesses and defendants while attending court hearings

*Total for this category:
\$619 million-\$1030 million*

Corrective Services

The figure for adult corrective services given by the AIJA (approximately \$550 million at current prices) agree closely with those of the Commonwealth Grants Commission. To this, however must be added the cost of juvenile corrections. Data provided by Queensland Department of Family Services (per. comm) suggest an annual per capita cost of juveniles corrective services at around \$2000 for 1990-91, including detention and community corrections, which, if representative of other jurisdictions, totals around \$50 million for Australia.

*Total for this category:
\$600 million*

Other Crime-related Organisations

Also in the Commonwealth Attorney's portfolio are the Australian Institute of Criminology and Criminology Research Council, research organisations whose budgets total around \$4 million for 1991-92 (Commonwealth Grants Commission 1990). Several jurisdictions have their own independent research bureaus. There have also been in recent years numerous state government commissions of inquiry. For example, the Royal Commission into Western Australia business dealings is reported to have cost \$5 million for 1990-91 alone (*West Australia*, January 1991). It is difficult to know, however, the extent to which these costs, and others like them, are already included in other government estimates. The New South Wales figures (Department of the Treasury 1991) categorise expenditures under the headings of Police, Courts/Legal, Corrective Services, and 'Other'; the Other category includes items such as 'Investigation, Community Education and Prevention of Corruption', the NSW Crime Commission, and Research and Advisory Services, and accounts for 11.7 per cent of the total, which if applied to the national figures we have calculated above would result in additional costs to state and territory governments of \$500 million-\$555 million per year. Some of this total relates to fire and emergency services, however, which we would not wish to count in full.

Many other government agencies have law enforcement and monitoring arms, such as Customs, Immigration, Taxation, Transport and Environmental Protection agencies. It has proven to be extremely difficult to identify the specific purpose budgets from published sources, however.

*Total for this category:
Maximum \$500 million-
550 million*

Other Costs Associated with Crime

Insurance industry: As shown in the introductory remarks to this paper, we count only the administration costs and profits relating to policies offering insurance against crimes, or alternatively the aggregate excess of crime related policy premiums over payouts. No estimates have yet been obtained for this, and advice from both the Insurance Council of Australia and the Insurance and Superannuation Commission suggest that it would not be readily computable from existing data.

Total for this category: N/A

Crime prevention and target

hardening: As discussed earlier crime prevention and target hardening effort are extremely difficult to pin down, with many unnoticed features of daily life having intrinsic crime preventative value. Street lighting, for example, has long been recognised for its safety value, yet it would be quite impossible to separately identify the proportion of government expenditures on lighting which are inspired by thoughts of crime prevention. The single piece of hard data available in this area in the current annual turnover of the security industry. Estimates provided by the Australian Security Industry Association Ltd (ASIAL) (pers. comm. Mr R. Glass, 18 May 1992) suggest that the industry was worth \$1250 million in 1991-92. This covers the principal areas of security industry activity: manpower (such as guards, surveillance, cash-carrying), alarms (such as monitoring, responding) and electronics (such as access control, closed-circuit TV).

*Total for this category:
Minimum \$1250 million*

Conclusion

As far as this paper has been able to estimate, the total costs of crime in Australia lie somewhere between \$11 billion and \$21 billion per year. Since there have been numerous instances where significant additional costs have been identified but not quantified, the true figure is likely to lie at the upper end, of this range—that is 5.6 per cent of Gross Domestic Product. This estimate is not inconsistent with US Department of Justice and Confederation of British Industry estimates (US Department of Justice 1991; Crime Concern Consultancy 1991) which suggest that crimes against business alone cost around 2 per cent of GDP. The largest component of these costs is the result of white-collar crime, regardless of whether one believes the low or the high estimates of these costs. The cost of the combined private and public effort to prevent and counter crime amount to \$5.5 billion-\$6 billion per year - around 1.3 per cent of GDP. This figure, too, is likely to err on the low side, since there are additional costs which have not proven amenable to calculation. Overall, then, it appears that crime could cost Australia's as much as \$27 billion per annum, or nearly \$1600 per man, women and child, \$5200 per household or around 7.2 per cent of GDP.

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