

NEW YOUTH DETENTION CENTRE SUMMARY BUSINESS CASE/COST BENEFIT ANALYSIS SUMMARY

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PURPOSE OF THIS DOCUMENT	This document provides an overview of the New Youth Detention Centre summary Detailed Business Case. The primary objective of this document is to outline the economic analysis undertaken and the key outcomes.
STATUS	This summary was prepared based on the contents of the detailed business case presented to the Building Queensland Board in Q3 2019. The information presented may be subject to change as the proposal progresses through future stages of development, delivery and operations.

CONTENTS

1	SUMMARY INFORMATION.....	4
2	PROPOSAL OVERVIEW.....	4
3	SERVICE NEED.....	4
4	OPTIONS ASSESSMENT.....	5
5	BASE CASE.....	5
6	REFERENCE PROJECT.....	5
7	METHODOLOGY.....	6
8	DEMAND FORECASTS.....	6
9	COST BENEFIT ANALYSIS RESULTS.....	7
10	SENSITIVITY ANALYSIS.....	7
11	SOCIAL IMPACTS.....	8
12	PROJECT IMPLEMENTATION.....	8

1 SUMMARY INFORMATION

PROJECT NAME	New Youth Detention Centre
LOCATION	South East Queensland
PROPOSAL OWNER	Department of Youth Justice
PROPOSED DELIVERY AGENCY	Department of Youth Justice
P90 NOMINAL COST ESTIMATES¹	
CAPITAL COST	\$161.39 million
INCREMENTAL ONGOING COST	\$1,058.93 million ²

2 PROPOSAL OVERVIEW

On 30 April 2019, the Queensland Government announced funding of \$320 million for the Working Together Changing the Story Youth Justice Strategy. In addition to a range of non-infrastructure initiatives, funding was announced for construction of a new 32-bed youth detention centre at Wacol. This new youth detention centre would increase capacity in the system and keep children and young people out of police watch houses, other than for normal arrest and processing. The 2019-20 Budget for the Department of Youth Justice included funding to construct the facility.

The 32-bed youth detention centre will consist of two 4-bed units and three 8-bed units. The centre is purposely designed to be an agnostic build which can accommodate any cohort of young people as the demand changes.

3 SERVICE NEED

The Queensland youth detention system is overcrowded. As at 30 June 2019 the current built capacity of youth detention in Queensland, which incorporates the Brisbane Youth Detention Centre (Wacol, Brisbane) and the Cleveland Youth Detention Centre (Townsville), was 226 beds with a safe operating capacity (85 per cent) of 192 beds. However, 205 young people were detained across both youth detention centres and 27 in the Queensland Police Service watch houses on continuing custody (i.e. excluding new arrests).

The key drivers of the need for the new youth detention centre include:

- problems with detaining young offenders in Queensland Police Service watch houses as alternative custody, including the inappropriateness of the watch houses in providing a safe and appropriate environment for young people as an alternative to detention centres
- existing youth detention centres operating above safe capacity and increasing the risks (including safety and security concerns) for young persons, staff and community
- constrained ability of current youth detention facilities in responding to the complex needs of young people and delivering optimal outcomes.

¹ Nominal capital cost estimates are undiscounted FY 2019-20 dollars.

² Nominal ongoing operating and maintenance costs, undiscounted FY 2019-20 dollars.

Queensland's youth detention capacity issues have been exacerbated by the introduction of 17-year-old offenders entering the youth justice system (since February 2018) resulting in a 45 per cent increase in youth justice custody numbers relative to the then 10 to 16-year-old cohort.

Additional drivers of demand that have impacted capacity to a lesser extent also include:

- young offenders between 10 and 12 years old remaining within the youth justice system
- growing rate and proportion of young people on remand in detention
- court processes
- limited supported and alternative accommodation options
- complex factors influencing rates of offending.

4 OPTIONS ASSESSMENT

Analysis undertaken prior to the development of the detailed business case identified thirteen potential initiatives for consideration at a number of sites. On 30 April 2019, the Queensland Government announced that the site selected was the reference project site adjacent to the Brisbane Youth Detention Centre.

5 BASE CASE

The New Youth Detention Centre project does not have a base case as the Queensland Government has already publicly stated that children and young people will not be detained on remand in Queensland Police Service watch houses—other than for normal arrest and processing. As a result, typical comparative economic analysis, such as cost benefit analysis, would not provide a meaningful assessment of the project's costs and benefits.

6 REFERENCE PROJECT

The new 32-bed youth detention centre at Wacol will be constructed adjacent to the existing Brisbane Youth Detention Centre at Wacol, on land subdivided from the Department of Communities, Disability Services and Seniors.

The design approach has resulted in a combination of:

- two 4-bed units
- three 8-bed units.

This configuration allows for the greatest flexibility in accommodating young people, for fluctuations in demand, and leveraging from lessons learned from recent builds in both Brisbane Youth Detention Centre and Cleveland Youth Detention Centre.

The New Youth Detention Centre proposed operating model is based on a therapeutic model for youth detention—specifically, a model for individualised, integrated interventions. The reference project will enable:

- services to be delivered to a smaller overall population centre, with a community-oriented approach that is culturally appropriate

- the needs and strengths of young people to be addressed through a stronger team approach
- quantitative and qualitative evidence to be obtained on the benefits of restorative practice
- key performance indicators to be established, implemented and reviewed
- young people to be more engaged in their individual planning process.

To support this proposed operating model and align with the guiding principles of the Australian and New Zealand design standards, design of the centre adheres to the fundamental principles that these vulnerable young people are entitled to.

7 METHODOLOGY

Various methodologies were used for specific analysis and assessments conducted for the detailed business case such as the sustainability assessment, economic analysis, social impact evaluation, environmental assessment, financial and commercial analysis, delivery model analysis and affordability analysis.

8 DEMAND FORECASTS

An expansion of the Queensland youth detention centres' capacity is urgently required to address the current and growing demand for youth justice facilities capable to supporting the complex needs of young people. The key drivers influencing demand include:

- **17-year old offenders entering the youth justice system**—17-year-olds offend at a higher rate on average than younger age cohorts; therefore, their transition to the youth justice system was predicted to result in a 45 per cent increase in numbers relative to the then 10 to 16-year-old offender cohort.
- **Young offenders aged 10-12 remaining in the youth justice system**—10- to 12-year-olds are the most vulnerable due to their age and developmental immaturity. Early-onset offending is often correlated with greater levels of disadvantage and victimisation. It is also a risk factor for higher rates of offending and remaining in the system over the long-term, if not their whole lives.
- **Growing rate and proportion of young people on remand in detention**—young people are now being remanded more often and are a greater proportion of the detention centre population. Since 2010–11, the annual proportion of young people in remand has gradually increased, from 66 per cent of the detention centre population in remand in 2010–11, to 72 per cent in 2013–14, 80 per cent in 2014–15, and 83 per cent in 2017–18.
- **Court processes**—delays in processing matters through court may result in young people spending longer on remand or bail. Increased length on remand means young people may stay in detention for longer periods. Young people on remand in 2017–18 made up 83 per cent of all young people in detention.
- **Limited accommodation options**—lack of suitable housing options can contribute to overuse of custodial supervision orders. Courts may consider young people who do not have stable accommodation at a higher risk of re-offending.
- **Complex factors influencing offending**—the profiles and needs of young people in the youth justice system are becoming increasingly complex and multi-faceted. Factors such as trauma, child abuse and neglect, lack of adult attachment, changes in the community, poverty and family breakdown, and cultural issues can all increase the risk of a young person offending.

The New Youth Detention Centre project has been formulated and based on a number of data sources funded by the Queensland Government, including but not limited to:

- Strategic Business Case: *Alleviating pressures in youth detention* (March 2019)
- *Report on Youth Justice* (2018) – Bob Atkinson
- *Working Together Changing the Story: Youth Justice Strategy 2019-23*
- Concurrent development of the *Youth Justice Strategy* and *Youth Justice Strategy Action Plan* (2019)
- *Doing Time – Time for Doing: Indigenous youth in the criminal justice system*, House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, Commonwealth Parliament (2011)
- *Addressing the Increase in Remand in Queensland’s Adult and Youth Justice Populations*, Dr Karen Gelb, Queensland Department of Justice and Attorney-General (2017)
- *Youth Justice Review and Strategy*, Penny Armytage and Professor James Ogloff AM, Victorian Government (July 2017)
- Report of the Royal Commission into the Protection and Detention of Children in the Northern Territory (November 2017)
- *Inquiry into Youth Justice Centres in Victoria*, Legislative Council Legal and Social Issues Committee, Parliament of Victoria (March 2018).

9 COST BENEFIT ANALYSIS RESULTS

In accordance with Building Queensland’s Business Case Development Framework, economic analysis typically involves the comparison of a base case to a project case. As described in Section 5 above, the New Youth Detention Centre project does not have a reasonable base case. As a result, typical comparative economic analysis (such as cost benefit analysis) would not provide a meaningful assessment of the project’s costs and benefits and was therefore not undertaken.

The costs of the reference project have been assessed within the financial analysis and the anticipated benefits have been assessed within the social impact analysis as outlined below.

Key benefits from the proposed development of the New Youth Detention Centre are:

- reduction in overcrowding of youth detention centres and not having to rely on Queensland Police Service watch houses to house young people as an alternative to detention centres
- improved safety and security of youth detention centres and reduced violence as well as risks of injuries in detention, for both staff and young people
- reduction in risks of assaults, attempted suicide and self-harm incidents due to overcrowding.

10 SENSITIVITY ANALYSIS

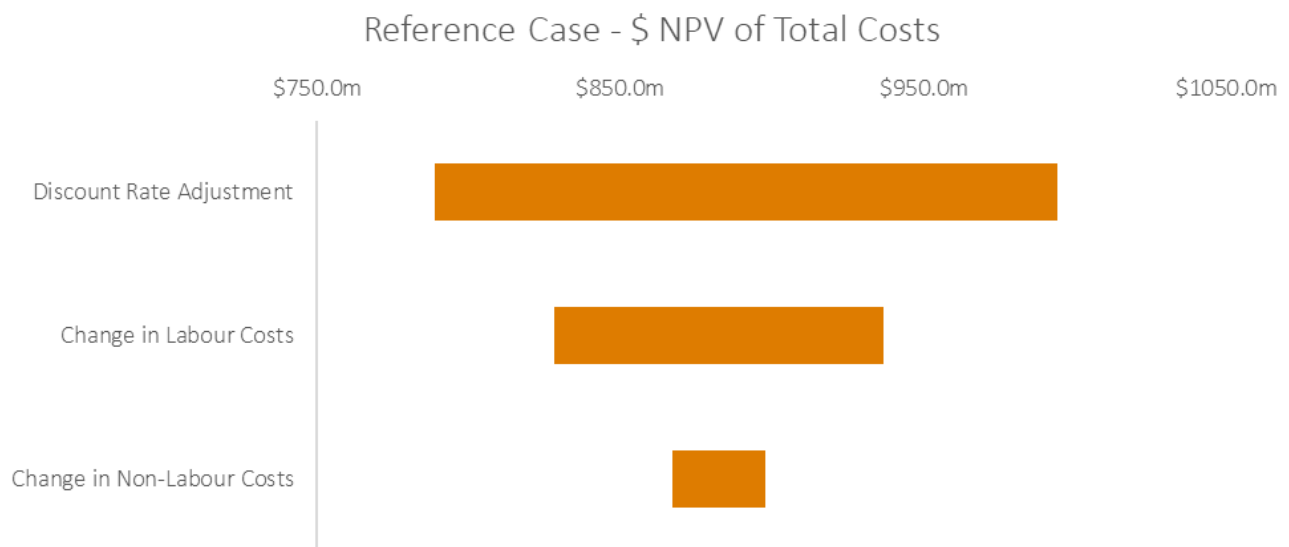
Sensitivity analysis was conducted to assess the potential impacts to the reference project’s non-risk adjusted present value from increases or decreases to the discount rate, labour costs and non-labour costs.

The sensitivity analysis for the project is summarised below:

SENSITIVITY ANALYSIS	LOW	MID	HIGH
Discount rate adjustment	(1%)	0%	1%
Change in labour costs	(10%)	0%	10%
Change in non-labour costs	(10%)	0%	10%

Figure 1 provides a summary of the results from the sensitivity analysis. Of the assumptions that have been sensitised it can be seen that the project present value is most sensitive to changes in the discount rate.

Figure 1 Preferred option sensitivity analysis (\$ PV of total costs)



11 SOCIAL IMPACTS

The New Youth Detention Centre will primarily benefit young people leading to better rehabilitation outcomes following their release. It is expected to improve the youth detention’s operating model, quality of living environment, and education and program delivery. The new infrastructure will also generate positive impacts for detention centre staff, including an improved ability to rejuvenate the workforce model and workplace culture, thereby increasing levels of satisfaction at work. There will be a wide range of positive social impacts for stakeholder groups including specialist support networks, families, Aboriginal and/or Torres Strait Islander people, police involved with watch house operation, and the broader Queensland community.

The Department of Youth Justice is also expected to benefit through an improved ability to establish and maintain new standards for performance and outcomes, as well as improving business efficiency through linkages with the community service centres and Brisbane Youth Detention Centre.

12 PROJECT IMPLEMENTATION

Due to the compressed timeframe for delivery of stage one of the reference project, and concurrent to the development of this business case, work has commenced on:

- the design process and staging process
- on-site investigative and early works
- development work including environmental, cultural heritage, and planning regulation considerations
- procurement activities for consultant and trade packages.

Risks associated with the accelerated design and build time are mitigated by the engagement of specialist and experienced consultancy services and the internal Building and Asset Services officers with extensive experience with correctional and youth detention facilities.

Programming strategies are being developed to resolve timing issues to meet the stage 1 deadline including:

- a fast-tracked delivery model supported by an agile approval and procurement strategy to meet project timeframes
- staging options to enable commissioning of the accommodation units (three 8-bedroom and two 4-bedroom) and allow construction of the remaining facilities
- the staging options to ensure the safety of staff and young persons, minimise operational impacts during construction, and provide a cost-effective and value for money solution.