

Cabinet Social Policy Committee

## **Report-back on the Alcohol and Other Drug Treatment Court Pilot and other AOD-related Initiatives**

### **Proposal**

1. This paper makes recommendations on the future allocation of a \$10 million investment package, taken from alcohol excise revenue, to address the harm caused by alcohol and other drugs. Notable among these is a proposal to continue piloting the Alcohol and Other Drug Treatment Court to allow for better informed decisions on whether it merits permanent investment in 2019.

### **Executive summary**

2. Abuse of alcohol and other drugs (AOD) remains a major driver of crime requiring social investment. We propose to continue investing \$10 million per annum from alcohol excise revenue to fund five existing initiatives that help to address these issues:
  - 2.1. Continue piloting the Alcohol and Other Drug Treatment (AODT) Court at its two current sites in Auckland. Evaluations to date suggest this is a promising investment, with direct savings from reduced imprisonment and the potential to sustainably reduce reoffending and deliver other social benefits. These potential benefits require further analysis before we can be satisfied the model provides good return on investment. We therefore propose to seek longer-term decisions in the first half of 2019.
  - 2.2. Continue to fund locally-accessible programmes for repeat drink-drivers. This initiative also appears to be delivering promising results, but requires further evaluation. Longer-term decisions will likewise be sought in the first half of 2019.
  - 2.3. Allow another three of the original initiatives, designed to better enable at-risk populations to access treatment, to become core services contracted by District Health Boards on an ongoing basis.
3. By making these recommendations, this paper fulfils an “Addressing the Drivers of Crime” report-back requirement from 2012 on the allocation of this investment package beyond this financial year [SOC Min (12) 3/2].

### *AODT Court pilot*

4. The AODT Court pilot involves an intensive therapeutic process supervised by the court for repeat offenders with AOD dependencies as an alternative to prison. It is an example of a justice system response that delivers cost savings by directly reducing imprisonment. It aims to reduce reoffending; imprisonment; AOD use; positively impact on health and wellbeing; and be cost-effective.
5. Early indications are that the pilot appears to be largely achieving these objectives. Feedback from stakeholders, participants and their families is that the Court reduces

alcohol and drug related harm. There are a number of success stories emerging from the pilot courts that reveal its potential to see offenders who have been entrenched in the criminal justice system overcome their addictions and undergo major changes in their outlook and lifestyle. Preliminary analysis of a small number of participants over a short time period suggests that it reduces likelihood of reoffending by around 15 percent when measured against matched offenders who go through the standard court process.

6. Early analysis by Ministry of Justice officials suggests around 60 prisoner places may be directly saved by the two Courts in which the pilot is operating. Savings can be achieved not only through avoiding the direct costs of imprisonment, but also by reduced risk of reoffending, improving health, employment and other outcomes for offenders and their families, particularly children. There is evidence that having a parent in prison is a strong risk factor for children experiencing adverse life outcomes.
7. With these potential benefits at stake, we propose continuing the Court at its two pilot sites (in the Auckland and Waitakere District Courts) until 30 June 2020 to allow for further reoffending analysis to inform decisions on future investment. Measuring reoffending with a larger treatment group over a longer period is necessary to show us whether graduates continue to reoffend at a lower rate once they are no longer interacting with and receiving support from the court and will improve statistical reliability of findings.

## **Background**

### ***Allocation of a \$10 million investment package in 2011***

8. In July 2011, SOC agreed to commit an additional \$10 million per year, from alcohol excise revenue, to fund initiatives to reduce harm from alcohol and improve access to AOD treatment [SOC Min (11) 21/2]. This was one of four priority areas under the whole-of-government “Addressing the Drivers of Crime” work programme established in 2009. Well supported by research and stakeholders, this work programme recognised that the underlying factors that influence offending cannot be tackled by the Justice Sector alone.
9. The six initiatives SOC decided to fund under this investment package were:
  - a pilot Alcohol and Other Drug Treatment (AODT) Court for adult offenders in Auckland (\$2 million)
  - locally-accessible programmes for drink-drivers (\$1 million)
  - screening for alcohol problems and brief interventions (\$1 million)
  - nationally consistent, enhanced AOD services for youth (\$2 million)
  - low-cost, high-volume, community-based treatment for offenders with AOD problems (\$3.5 million)
  - training and workforce development to support the delivery of the initiatives (\$0.5 million).
10. In March 2012, SOC agreed on an implementation plan for these initiatives and approved changes to appropriations for the subsequent five financial years (ending in this financial year) [SOC Min (12) 3/2]. As the initiatives were predominantly to be delivered by the Ministry of Health and District Health Boards, \$9.84 million was allocated to Vote Health and the remaining \$160,000 to Vote Courts and Vote Justice, to staff and evaluate the AODT Court pilot. Decisions on the allocation of the \$10 million beyond this financial year, “including the future status of the pilot AOD court”, are now required by that SOC minute based on this paper (being a joint report-back).

11. The “Addressing the Drivers of Crime” work programme has since been superseded by other government priorities and social investment strategies. Given this overlap and the various aspects of the Addressing the Drivers of Crime approach that have been adopted by other government initiatives, no further work under this programme is required.

## **Comment**

12. Abuse of AOD remains a major driver of crime requiring social investment. Around 60 percent of community-based offenders have an identified AOD need and 87 percent of prisoners have experienced an AOD problem over their lifetime. We propose to continue investing an additional \$10 million per annum from alcohol excise revenue to fund initiatives that are helping to address these issues.
13. Some of these initiatives have been successfully implemented under the management of District Health Boards and are fit to become core services to improve at-risk populations’ access to AOD treatment. The rest of the \$10 million we propose to commit until 30 June 2020 for two initiatives that appear to be delivering good results, but require further evaluation before we can determine whether they deliver the best return on investment in reducing harm from alcohol and other drugs. These initiatives are the AODT Court pilot and locally-accessible programmes for repeat drink-drivers. We expect to be in a position to make informed investment decisions on these initiatives in the first half of 2019.
14. It is particularly important to better understand what benefits are afforded by the AODT Court pilot, which is by far the most resource-intensive of the AOD-related initiatives. While initial analysis of these benefits is encouraging, measuring outcomes over a longer period is necessary before we can confidently decide whether the model merits permanent investment (and, if so, investigate the potential for further roll-out).

## ***Alcohol and Other Drug Treatment Court pilot***

*The AODT Court is a therapeutic approach that attempts to address AOD dependencies underlying a pattern of serious offending*

15. The AODT Court is designed, consistent with international best practice, to supervise offenders whose offending is driven by AOD issues by providing judicial oversight of their engagement with treatment programmes and rehabilitation support services. The AODT Court process occurs in suitable cases once the defendant has pleaded guilty to charges that would likely result in a sentence of up to three years’ imprisonment, but before they are sentenced on those charges. This allows their efforts to address the AOD dependency underlying their offending with the assistance provided by the AODT Court to be recognised at sentencing.
16. The AODT Court pilot is a joint initiative between the Judiciary and the government, established in November 2012. District courts can theoretically operate an AODT court process within current legislative settings. However, the resources necessary to deliver the services of the AODT court are funded by government at the two pilot sites: the Auckland and Waitakere District Courts. The two pilot sites have a combined maximum capacity of 100 participants at any one time.
17. The decision to pilot the AODT Court model reflects uncertainty about whether it can achieve large enough reductions in reoffending to make it cost-effective, given that many models overseas have proved very resource-intensive (and their impact on reoffending mixed/uncertain). It also provides opportunities to identify and make operational improvements before permanent funding is committed.

### *Is the AODT Court effective?*

18. The AODT Court pilot aims to reduce reoffending; reduce imprisonment; reduce AOD use; positively impact on health and wellbeing; and be cost-effective.
19. The pilot has been independently evaluated, with largely positive findings and opportunities identified for processes to be improved. These process evaluations suggest the pilot courts enjoy a high level of support from participants, stakeholders and the local community. Feedback from these groups is that the AODT Court reduces AOD-related harm. There are a number of success stories emerging from the pilot courts that reveal its potential to see offenders who have been entrenched in the criminal justice system overcome their addictions and undergo major changes in their outlook and lifestyle.
20. The Ministry of Justice has undertaken preliminary analysis of whether offenders who participate in the AODT Court process are less likely to reoffend because of it.<sup>1</sup> This is made challenging by the long period it can take to complete the process and the maximum capacity of 50 participants in each pilot court. A diagram summarising the methodology and limitations of this study are set out in **Appendix A**.
21. While statistically limited, results from preliminary analysis are promising. They suggest the pilot AODT Courts are reducing participants' likelihood of reoffending in the short-term by around 15 percent. This reflects a considerable apparent reduction in reoffending for the very small number of participants in the study who had graduated from the AODT Court and no statistically significant difference in reoffending for those who did not complete.
22. The large effect measured for graduates is confined to a period of 12 months after graduation, during which they are being managed under a community-based sentence typically imposed and monitored by the AODT Court. It is understood graduates often continue to receive some amount of support through relationships established in the AODT Court. Measuring reoffending patterns over a longer period would be necessary for a reliable comparison between participants with more independence from the AODT Court and their matched offenders released from prison. The Ministry of Justice expects in late 2018 it will be in a position to study whether a larger group of graduates continue to reoffend at a lower rate once no longer interacting with and receiving support from the AODT Court.

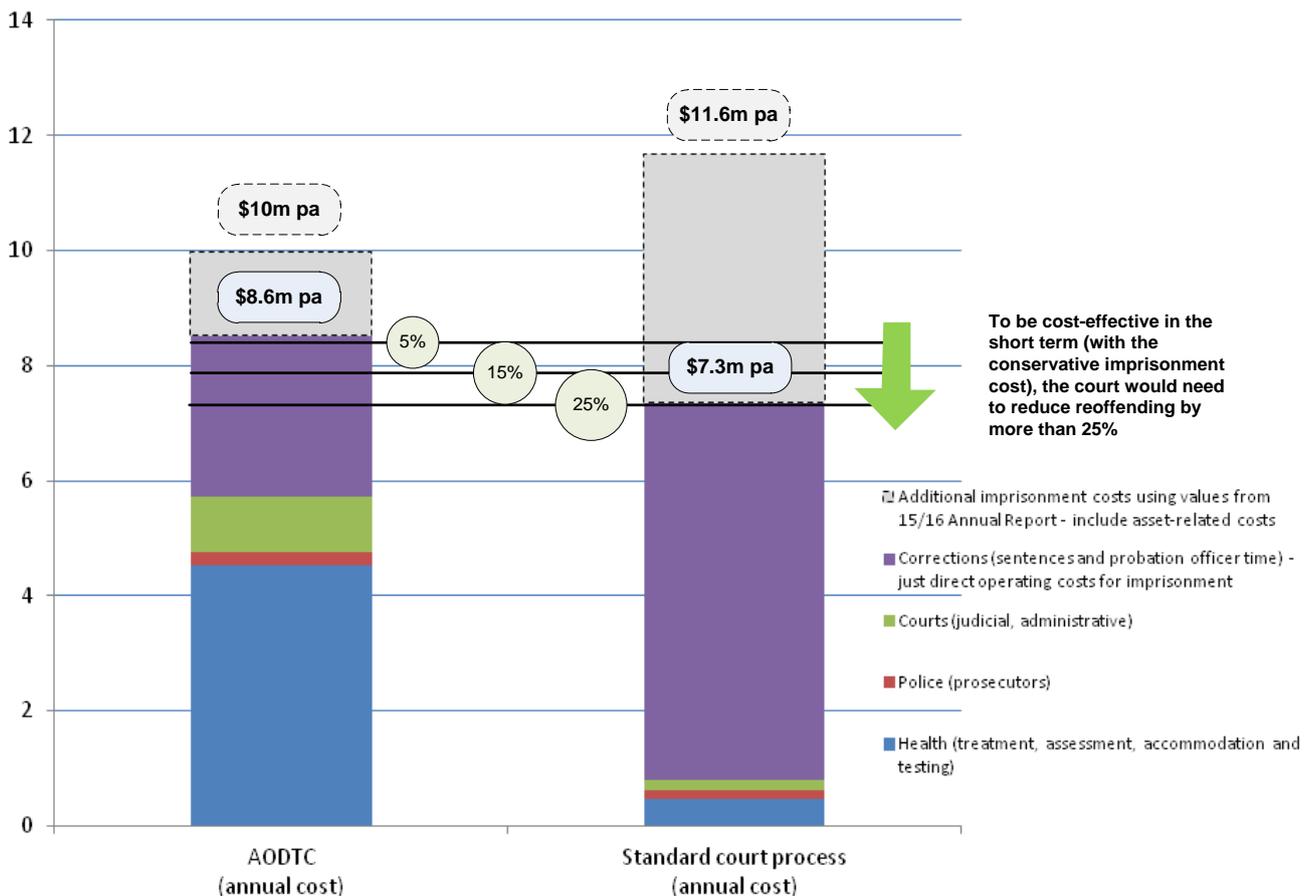
### *Is the AODT Court a good investment?*

23. The AODT Court has incurred high operating costs in its pursuit of international best practice. This has made it necessary over the course of the pilot for agencies to obtain additional funding from monies recovered under the Criminal Proceeds (Recovery) Act 2009 and the Justice Sector Fund. The Ministries of Justice, Health, Police and Corrections have worked closely together to understand the operating costs of the pilot and estimate the direct costs that would have arisen from the same cases in the absence of the AODT Court (under the standard court process). This cost comparison is summarised in the graph below and is subject to a number of constraints and assumptions.

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<sup>1</sup> The goal here is to measure the effect of having been through the AODT Court, rather than the temporary effect of being immersed in the therapeutic community with intensive treatment, support and judicial oversight.

## THE AODT COURT OPERATES AT AN ESTIMATED NET COST OF \$1.3M PER ANNUM



Note: Reoffending savings have been calculated based on the 7 studied graduates who reoffended and associated costs.

24. As the AODT Court is designed to divert offenders from prison into judicially supervised treatment, the main avoided costs are those of the more severe sentences they would have received on their active charges. There is limited information on the likely quantum of those sentences. However, early analysis by the Ministry of Justice suggests a difference of around 60 prisoner places. On this basis, the AODT Court is estimated to:
  - 24.1. operate at a net cost of \$1.3 million per annum if those prisoner places are priced conservatively; or
  - 24.2. operate at a net saving of \$1.6 million per annum if higher values from the Corrections 15/16 Annual Report are used.<sup>2</sup>
25. Agencies through the AODT Court Steering Committee are reviewing procedures and services to identify where expenditure can be reduced without compromising the Court's overall performance. However, to demonstrate that the AODT Court is cost-effective based on the current cost estimate (and applying the conservative values for imprisonment) would require better evidence and financial modelling of the benefits it delivers.

<sup>2</sup> The conservative approach to costing imprisonment in this analysis (being a net saving to Corrections from the AODT Court) is to take only the direct operating costs of accommodating an offender in prison. Using higher values for imprisonment increases the Corrections costs (on both sides) by amounts illustrated as the grey boxes in the graph. These higher values are indicative averages per prisoner from the Corrections 15/16 Annual Report that include overheads and property costs (i.e. depreciation and capital charge), in addition to the direct operating costs. We are not taking these higher values as given because the estimated difference in prison beds this represents is not on a scale that would usually affect Corrections' infrastructural planning.

26. Factoring in savings that could be expected from reduced reoffending by this group (based on the seven studied graduates who reoffended within 12 months), it is estimated that:
  - 26.1. a 25 percent reduction overall would be needed to generate enough crime-related savings in the short-term to recover the estimated \$1.3 million per annum of additional investment
  - 26.2. a reduction of 10 percent, if sustained over the lifetime of participants, would generate net savings of around \$30,000 per participant.
27. This again reinforces the need to reliably measure the benefits of the AODT Court on participants over a longer period before we can assess whether it delivers good return on investment. The modelling of wider benefits, including improved health and employment outcomes, will also be an important factor in understanding return on investment.

*How will decision-making on the pilot in 2019 be improved?*

28. By 2019 we will be able to make investment decisions on the basis of far better information:
  - 28.1. We will have a far better understanding of the AODT Court's effect on likelihood of reoffending (based on a larger treatment group over a longer period of time) including a better idea of whether graduates continue to reoffend at a lower rate once they are more independent of the AODT Court.
  - 28.2. We will be able to see the result of steps we expect agencies (through the Steering Committee) will have taken to better manage expenditure on the AODT Court, without threatening its overall performance.
  - 28.3. Cost-benefit analysis will be improved by further evaluation activities and analysis of other social benefits of the AODT Court, including health, employment-related and quality of life outcomes (which it may be possible to model using the Integrated Data Infrastructure and CBAX tool).

***Other AOD initiatives funded through the \$10 million investment package***

29. The other initiatives funded from this investment package involve high volume, low threshold services. Two of them are focussed on decreasing the level of AOD abuse across the general population and two are targeted at community-based offenders identified as having AOD problems.
30. On the basis of the outcomes being achieved by these initiatives, summarised in **Appendix B**, we recommend that three of them continue to be delivered as core business for District Health Boards and one be funded only until 30 June 2020 to allow for further evaluation:
  - 30.1. Locally-accessible programmes for repeat drink drivers – Fund until 30 June 2020 for decisions in first half of 2019 on whether to permanently invest
  - 30.2. Screening for alcohol problems and brief interventions – Permanently devolve to DHBs
  - 30.3. Nationally-consistent, enhanced AOD services for youth – Permanently devolve to DHBs
  - 30.4. Low-cost, high-volume, community-based treatment for offenders with AOD problems – Permanently devolve to DHBs.

## Consultation

31. The Department of Corrections and the Treasury have been consulted on the contents of this paper. The New Zealand Police, Te Puni Kōkiri, the Ministry for Vulnerable Children, Oranga Tamariki and the Department of Prime Minister and Cabinet have been informed.

## Financial implications

32. The amounts to be allocated to the five AOD-related initiatives we propose to continue funding are as follows:

		Amounts (\$ million) and Vote		
	Initiative	2017/2018	2018/2019	2019/2020
1	AODT Court pilot	4.110 Vote Health	4.110 Vote Health (decisions on whether to permanently invest)	4.110 Vote Health
2	Locally accessible programmes for repeat drink-drivers	1.000 Vote Health	1.000 Vote Health (decisions on whether to permanently invest)	1.000 Vote Health
3	Screening for alcohol problems and brief interventions	1.070 per annum permanently devolved to DHBs (Vote Health)		
4	Nationally-consistent, enhanced AOD services for youth	2.000 per annum permanently devolved to DHBs (Vote Health)		
5	Low-cost, high volume, community-based treatment for offenders with AOD problems	1.820 per annum permanently devolved to DHBs (Vote Health)		
<b>Total</b>		<b>10.000</b>	<b>10.000</b>	<b>10.000</b>

33. In order to keep the AODT Court pilot fully operational in the lead up to investment decisions before the end of the 2018/19 financial year, funding would need to be committed until the end of the 2019/20 financial year. One year is the minimum notice period before the potential end of funding for the AODT Court to continue accepting new participants (allowing for the time it takes to complete the AODT Court process).
34. The amount required to continue funding the AODT Court pilot reflects the fact that the original funding of \$1.93 million per annum from alcohol excise revenue has proved well below the amount required, as the AODT Court model has evolved in pursuit of international best practice. The necessary funding for Vote Courts, Vote Justice and Vote Police to cover core staff in the pilot courts has been secured from the Justice Sector Fund for the next two financial years. It is likely that a further funding request would be made to cover the same roles in 2019/2020.
35. Committing funding for drink-driver programmes in 2019/20 likewise ensures providers of those programmes can continue to accept new referrals in the lead up to decisions on future investment in 2019.

## Human rights

36. The proposals contained in this paper are consistent with the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## **Regulatory impact analysis**

37. A regulatory impact statement is not required for this paper.

## **Gender implications**

38. The proposals in this paper have no gender implications.

## **Publicity**

39. The communications approach around this paper and associated issues will be managed by our offices, in consultation with other offices as appropriate.

## **Recommendations**

40. The Ministers of Justice and Health recommend that the Committee:

40.1. **note** that decisions are required (from SOC Min (12) 3/2) on the allocation beyond this financial year of a \$10 million per annum investment package to reduce harm from alcohol and other drugs;

### *Alcohol and Other Drug Treatment Court pilot*

40.2. **note** that early indications are that the AODT Court is capable of delivering considerable benefits, but that outcomes need to be measured over a longer period to provide us with confidence that it provides good return on investment;

40.3. **agree** to extend the term of the pilot until 30 June 2020, with decisions on whether to permanently establish the model at the pilot sites in the first half of 2019;

### *Other AOD initiatives*

40.4. **note** that four other initiatives to improve access to AOD treatment have been successfully implemented;

40.5. **agree** to permanently devolve funding to District Health Boards for the these initiatives, except locally accessible programmes for repeat drink-drivers;

40.6. **agree** to continue funding locally accessible programmes for repeat drink-drivers only until 30 June 2020, with decisions in the first half of 2019 on longer-term investment to be informed by further evaluation of these programmes;

*Financial implications*

40.7. **agree** that the following amounts be allocated to the five initiatives:

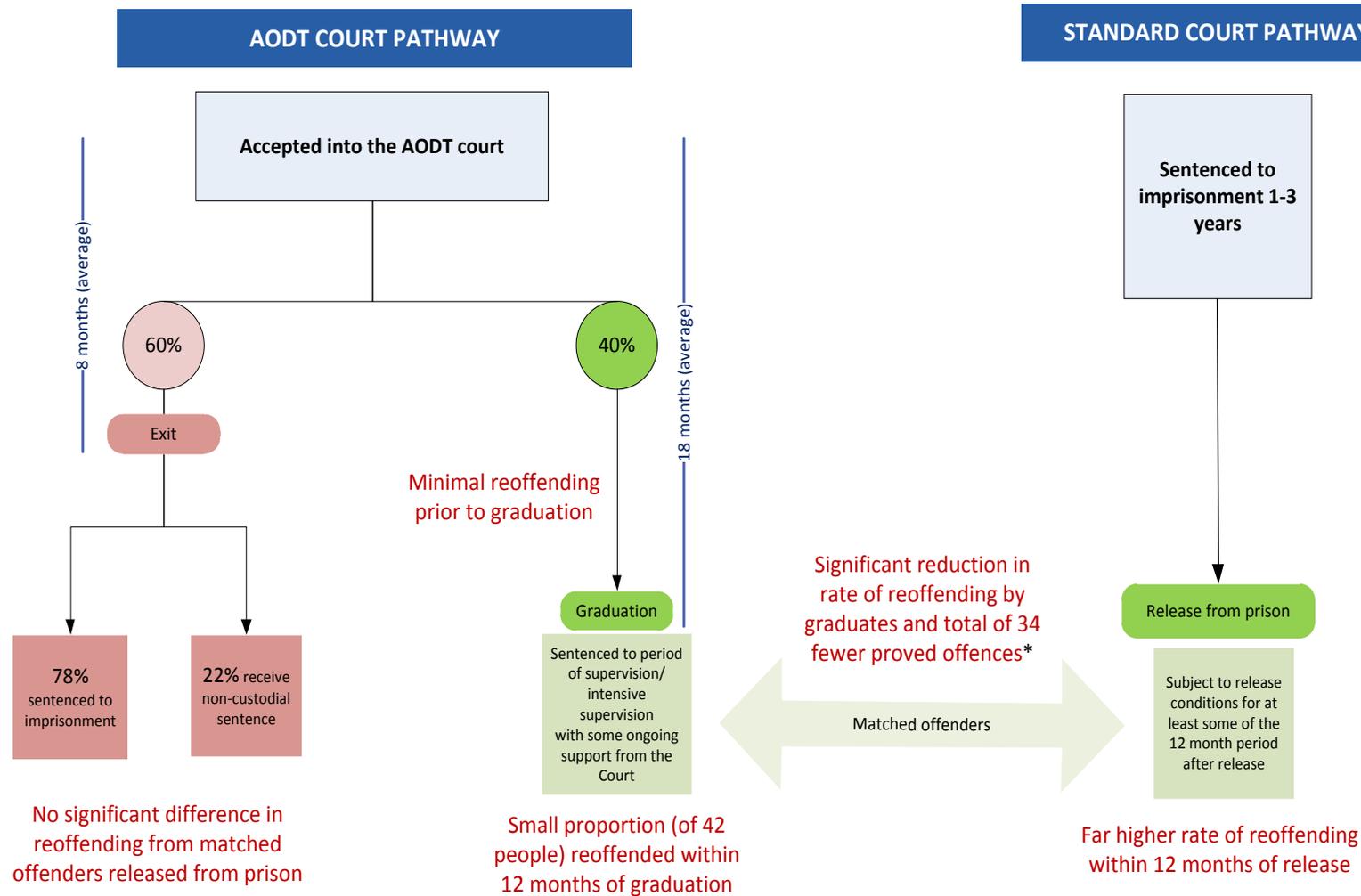
		<b>Amounts (\$ million) and Vote</b>		
	<b>Initiative</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
<b>1</b>	AODT Court pilot	4.110 Vote Health	4.110 Vote Health (decisions on whether to permanently invest)	4.110 Vote Health
<b>2</b>	Locally accessible programmes for repeat drink-drivers	1.000 Vote Health	1.000 Vote Health (decisions on whether to permanently invest)	1.000 Vote Health
<b>3</b>	Screening for alcohol problems and brief interventions	1.070 per annum permanently devolved to DHBs (Vote Health)		
<b>4</b>	Nationally-consistent, enhanced AOD services for youth	2.000 per annum permanently devolved to DHBs (Vote Health)		
<b>5</b>	Low-cost, high volume, community-based treatment for offenders with AOD problems	1.820 per annum permanently devolved to DHBs (Vote Health)		
<b>Total</b>		<b>10.000</b>	<b>10.000</b>	<b>10.000</b>

Authorised for lodgement

Hon. Amy Adams  
Minister of Justice

Hon. Jonathan Coleman  
Minister of Health

## APPENDIX A: Illustration of processes compared in reoffending analysis



### Main statistical limitations

- Small treatment group from March 2015, reflecting maximum of 50 participants in each court
- Only 42 of these participants had graduated 12 months prior (which is where a large reduction in reoffending is detected)
- Graduates continue to enjoy some support from the AODT court through their subsequent community-based sentence – This weakens comparison with matched offenders released from prison
- There is a possible selection bias of participants on factors we couldn't match them on (i.e. motivation to change and health-related info that wasn't available for this study)

\*Note: Reduction in number of offences has been calculated based on the 7 studied graduates who reoffended.

## APPENDIX B: STATUS AND RECOMMENDED FUNDING FOR AOD-RELATED INITIATIVES

#	Initiative description	Outcomes to date	Annual funding	Recommended funding for out years	Explanation
1	Pilot of the Alcohol and Other Drug Treatment Court	<ul style="list-style-type: none"> <li>Three process evaluations to date have been largely positive of the practices of the pilot courts.</li> <li>Many examples emerging of recovery and lifestyle change.</li> <li>Preliminary analysis of effect on likelihood of reoffending based on small numbers over the short-term is promising.</li> </ul>	\$1.77m Vote Health \$0.160m Vote Courts and Justice	\$4.11m pa to Vote Health until 30 June 2020	Further/better quality information available in 2018/19 will enable us to measure the benefits of the AODT Court and determine whether they justify the necessary expenditure.
2	Locally accessible programmes for repeat drink-drivers	<ul style="list-style-type: none"> <li>Programmes aimed at addressing issues underlying drinking driving behaviour delivered by 11 providers. Formative evaluation was positive about how these services have been implemented.</li> <li>Around 630 referrals since January 2016 to mostly 6-8 week programmes, with 53% completing.</li> </ul>	\$1m	\$1m pa to Vote Health until 30 June 2020	The Ministry of Health will be completing an outcomes evaluation to inform investment decisions on this project in 2019 (coinciding with decisions on the AODT Court pilot).
3	Screening for alcohol problems and brief interventions in primary health care	<ul style="list-style-type: none"> <li>In 2015/16, brief interventions delivered to around 35,000 adults and 3,800 youths.</li> <li>These interventions involve structured assessment, screening and advice and/or referral to appropriate counselling or specialist AOD services.</li> </ul>	\$1.07m	\$1.07m pa devolved to relevant District Health Boards	Permanently transferring these funds to DHB baselines would allow DHBs to integrate these initiatives into their core services and directly oversee spending. No further proof of concept is considered necessary.
4	Nationally consistent, enhanced AOD services for youth	<ul style="list-style-type: none"> <li>Formative evaluations of the service delivered by the two DHBs were positive, confirming it has been implemented as designed.</li> <li>Around 3,500 youths have accessed these AOD services since 2016, with 87% of them seen within three weeks of presentation (exceeding the target of 80%).</li> </ul>	\$2m	\$2m pa devolved to DHBs	

**APPENDIX B: STATUS AND RECOMMENDED FUNDING FOR AOD-RELATED INITIATIVES**

#	Initiative description	Outcomes to date	Annual funding	Recommended funding for out years	Explanation
5	Low-cost, high-volume community-based treatment for offenders with AOD problems	<ul style="list-style-type: none"> <li>• Being delivered below budget because of targeting based on demand and efficiencies achieved by Single Point of Entry services.</li> <li>• This model has minimised overlapping referrals between Corrections and Health.</li> <li>• Around 25,000 referrals for assessment through this service in 2016, with 20% receiving treatment as appropriate.</li> </ul>	\$3.5m	\$1.82m pa devolved to DHBs	
6	Training and workforce development to support the delivery of the initiatives	Training and workforce development has been delivered as required under other initiatives.	\$0.5m	Nil	Funding surplus to requirements (and required by the AODT Court pilot)