

OFFICE OF THE  
PARLIAMENTARY BUDGET OFFICER



BUREAU DU  
DIRECTEUR PARLEMENTAIRE DU BUDGET

## The Funding Requirement and Impact of the “*Truth in Sentencing Act*” on the Correctional System in Canada

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**Note to Reader:**

The Federal Accountability Act mandates the Parliamentary Budget Officer (PBO) to provide independent analysis to the Senate and House of Commons on the state of the nation's finances, the government's estimates and trends in the national economy. Given the size and scope of the proposed initiative, this request is consistent with the PBO's mandate to support parliamentarians in providing independent analysis on the state of the nation's finances and scrutiny of the Estimates (i.e. planned expenditures).

The cost estimates and observations presented in this report represent a preliminary set of data for discussion and may change, as detailed financial and non-financial data are made available to the PBO by the Correctional Service of Canada (CSC) and provincial and territorial correctional departments. The cost estimates and observations included reflect a point-in-time set of observations based on limited and high level data obtained from publicly available Estimates documents including the Departmental Performance Reports and Public Accounts of Canada and surveys by Statistics Canada. These high-level cost estimates and observations are not to be viewed as conclusions in relation to the policy merits of the legislation.

The authors would like to thank the members of the independent peer review panel for their comments and guidance. The advice and guidance of the members of the peer review panel implies no responsibility for the final product, which rests solely with the Parliamentary Budget Officer. Totals may not add up due to rounding.

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## 2. Abbreviations

Table 2-A: Abbreviations

Abbreviation	Full Form
ARL	Annual Reference Level
CCJS	Canadian Centre for Justice Statistics, Statistics Canada
CCRA	Corrections and Conditional Release Act
CICA	Canadian Institute of Chartered Accountants
CSC	Correctional Services Canada
DM	Deputy Minister
DPR	Departmental Performance Report
FN	First Nations
FY	Fiscal Year
GC	Government of Canada
LTSO	Long Term Supervision Order
O&M	Operations and Maintenance
PBO	Parliamentary Budget Officer
PILT	Payment In Lieu of Taxes
PIRS	Parliamentary Information and Research Service
RCMP	Royal Canadian Mounted Police
RPP	Report on Plans and Priorities
TB	Treasury Board of Canada
TBS	Treasury Board Secretariat

# 3

## 3. Executive Summary

### 3.1 The “Truth in Sentencing Act”

This PBO report is in response to a request made by the Member of Parliament from Ajax-Pickering to investigate the ongoing and future costs to the federal treasury stemming from the government bills that reform sentencing and conditional release. The Member's question included several bills from the 40<sup>th</sup> Parliament, 2<sup>nd</sup> Session (January 26, 2009 to December 30, 2009). Given the sheer scope of the request and the significant problems associated with data availability from relevant departments, the scope of this study is limited to a high level estimation of the costs associated with the implementation of C-25, the “*Truth in Sentencing Act*”.

The “*Truth in Sentencing Act*” amends the *Criminal Code* (the Code) to limit the credit a judge may allow for any time spent in pre-sentencing custody in order to reduce the punishment to be imposed at sentencing, commonly called “*credit for time served*”<sup>1</sup>:

- In general, a judge may allow a *maximum credit of one day for each day spent in pre-sentencing custody* (new section 719(3) of the Code); and,
- However, if, and only if, the circumstances justify it, a judge may allow a *maximum credit of one and one-half days for each day spent in pre-sentencing custody* (new section 719(3.1) of the Code).

### 3.2 Issues and Challenges

The PBO's report must be seen in the light of the limited information made available by the GC to Parliament; in particular, regarding the impact of the “Truth in Sentencing Act”. While Correctional Services Canada (CSC) initially provided brief information to the PBO regarding its information request, CSC staff failed to meet with PBO officials during the time that the project was being undertaken.

Undertaking this type of costing exercise, without rigorous bottom-up data from the department, absent any discussion with the department (CSC) poses significant risks. Hence, given the lack of data, the PBO developed two separate approaches to estimation

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<sup>1</sup> “*Bill C-25: Truth in Sentencing Act*”, Lyne Casavant and Dominique Valiquet, Legal and Legislative Affairs Division, Parliamentary Information and Research Service (PIRS), Library of Parliament, April 24, 2009, <http://www2.parl.gc.ca/Content/LOP/LegislativeSummaries/40/2/c25-e.pdf>

to provide parliamentarians with a view on CSC's funding requirement and the estimated financial impact of the “Truth in Sentencing Act”.

The PBO is not yet aware of the GC's methodology or estimate regarding the financial impact of the “Truth in Sentencing Act”. Furthermore, while the latest CSC RPP (FY2010-11) projects increased funding requirement for the department for the next three fiscal years when compared to the projections for the same fiscal years from RPPs released in prior years, it still does not breakdown the cost into its components, and especially excludes any details regarding the impact of the “Truth in Sentencing Act”.

### 3.3 PBO Approach to Estimation Reflects Both the Complexity of the Analysis and a Lack of Information from the Government

Only a rigorous bottom-up costing consistent with the *Treasury Board Guide to Costing* will provide Parliament with the highest assurance regarding the cost implications of the “Truth in Sentencing Act”. In the absence of such costing, PBO has developed a high level top-down methodology based on a simple financial model that uses FY2007-08 at the federal level as a case study. PBO has also developed a probabilistic (Monte Carlo) simulation developed in consultation with the independent peer-review panel. Given the significant limitations on data, the simulation model serves as an illustration and test of reasonableness of the simple financial model. PBO's methodologies are based on three distinct phases, using historical trends, which demonstrate three intuitively identified impacts of the legislation:

- An increased amount of time that sentenced inmates will spend in provincial and federal sentenced custody respectively, due to reduction in credit for time served in remand;
- A new flow of sentenced inmates from provincial into federal facilities due to the increase in time to be spent in a facility due to reduction in credit for time served in remand, which would increase the effective lengths of their sentences above the 2-year mark; and,
- A new inflow of inmates into the provincial and federal facilities which normally would not have happened due to credit for time served – they would have been directly released from remand into community supervision.

In order to examine the financial impact and funding requirements to the federal and provincial/territorial correctional systems, including the impacts of the Act, the PBO financial model consists of the future projections relating to:

- **New construction costs**, which consist of expenditures required to be reserved for the construction of new federal and provincial/territorial correctional facilities to meet the projected demand;
- **Annual lifecycle capital expenditures**, which consist of increased expenditures for capital asset replacement after the new facilities have been made operational and increased annual re-capitalization expenditures required to ensure that the existing federal and provincial/territorial correctional infrastructure will be useable until the end of its useful life; and,
- **Annual Lifecycle operating and maintenance (O&M) expenditures** for federal and provincial/territorial correctional infrastructure.

The PBO approach relies on a number of key assumptions relating to inmate inflow, occupancy rates at correctional facilities, new construction costs, timelines, and operating and maintenance costs.

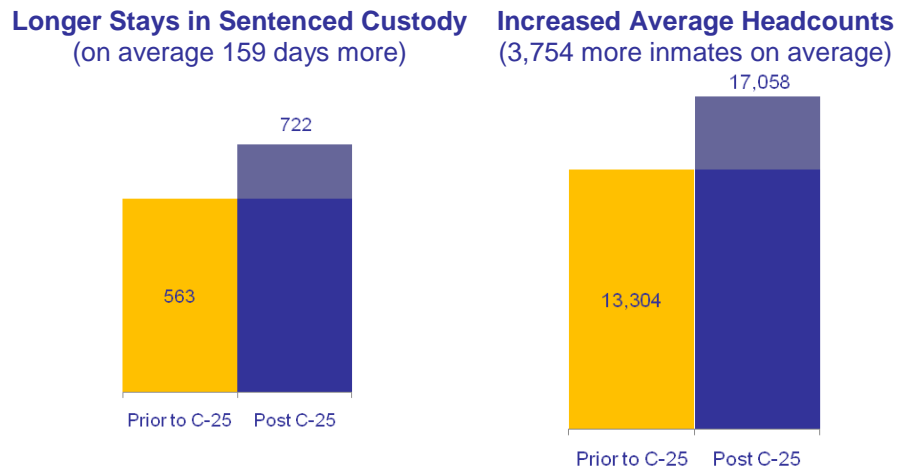


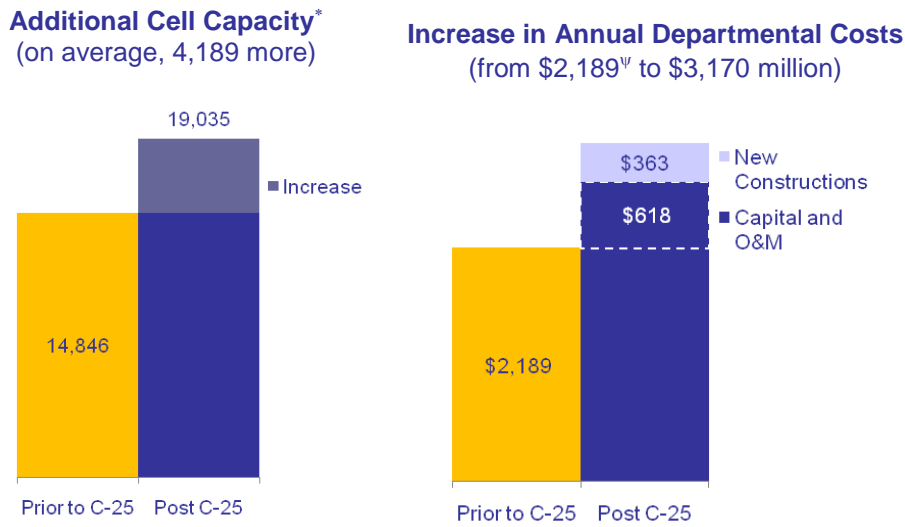
### 3.3.1 Simple Financial Model (FY2007-08 Sample Year)

The PBO prepared a simple financial model to estimate the funding requirement and financial impact. This model provides an estimate of the financial impact of the "Truth in Sentencing Act" using data from FY2007-08 to estimate the cost to the federal government of the Act in the hypothetical scenario that it had been in force in FY2007-08. The conclusions of the simple financial model are generally supported by the conclusions of the probabilistic simulation model. The summary inputs and findings of the simple financial model are as follows:

- Using the sample year of FY2007-08, the status quo baseline assumption is that 8,618 inmates were admitted to federal sentenced custody and that these inmates would spend on average 563 days in physical CSC custody, prior to being released on day/full parole, community supervision, statutory release, etc, resulting in an average headcount of 13,304 inmates, with 7,036 in community supervision.
- The "Truth in Sentencing Act" would add on an average 159 days to the average length of stay of inmates in sentenced federal custody or 722 days in total resulting in an average headcount of 17,058 inmates with 9,021 in community supervision.
- FY2007-08 funding per cell in O&M and capital appropriation was about \$147,467 per inmate in physical CSC custody.
- The funding requirement for O&M and capital on account of the Act would now be \$2,807 million; which is **\$618 million more** than the FY2007-08 O&M and capital appropriation of \$2,189 million.
- Projecting for the 4,189 additional cells required based on the historical mix of cells by security type, results in about \$1.8 billion in new facility construction costs or an average of **\$363 million per year** spread over five years.

**Figure 3-A: What if the "Truth in Sentencing Act" (C-25) was in force in FY2007-08: Examining the Financial Impact on the Federal Government**





### 3.3.2 Probabilistic Simulation Model (FY2010-11 to FY2015-16)

In spite of the significant data challenges, in order to illustrate a five-year funding requirement and to test the reasonableness of the estimates developed by the simple financial model, PBO has also developed a methodology using a **probabilistic model to simulate** the flow of inmates through the corrections facilities.

The simulation models the flow of inmates and feeds the inflow through operational and capacity criteria along with capacity requirements, new construction costs, and projects future recapitalization, replacement and O&M costs. This results from the simulation are probabilistic in nature but aim to establish a five-year funding requirement for CSC, including the impact of C-25. These projections can then be compared to a baseline, such as CSC's projected planned expenditures.

Relative to the CSC's projected planned expenditure for 2010-11 to 2012-13, results from the PBO simulation model indicate a net financial requirement of about \$1 billion annually (see Figure 3-B and Table 3-A). These results are similar to the net financial requirement presented earlier from the simple financial model (i.e. \$618 million in additional O&M and capital plus \$363 million for new construction).

A simple comparison of the CSC's planned annual reference levels as contained in the FY2010-11 RPP with the Operating & Maintenance (O&M) component of the PBO's projected funding requirement suggests that they are in the same order of magnitude. It should be noted that there is also a Planned Capital Spending for CSC for FY2010-11 to FY2012-13 of \$329 million, \$518 million and \$467 million, respectively. The PBO is not aware whether these Planned Capital Spending figures are already included in the departmental ARL as shown in the CSC RPP, and whether the Planned Capital Spending is due to the implementation of C-25. Given the lack of detail in the baseline being used for the projection period, readers should be cautioned on the use of high level estimates and comparisons for decision-making purposes.

The PBO's projections show that the new facility construction costs, capital asset replacement costs and recapitalization costs exceed the projected funding requirements for CSC as stated in the RPP. This could possibly imply that the department would house

\* Assumes 90% occupancy ratio

‡ Reflects actual authorities for O&M and Capital made available by Parliament in FY2007-08.

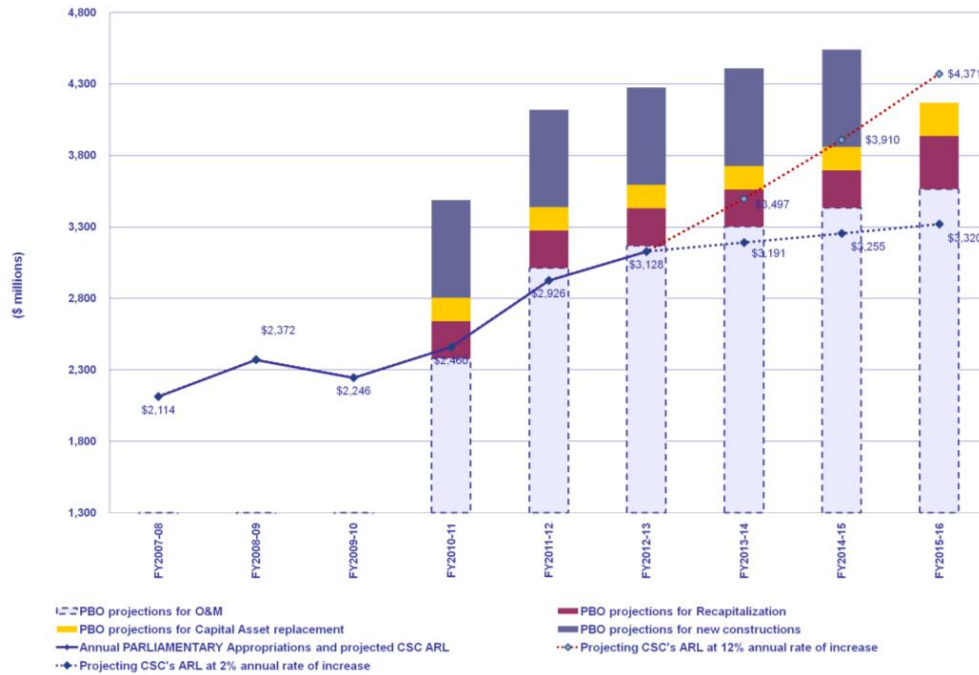
multiple inmates (double-bunking) within the same cell, and not invest in any new facility constructions in order to accommodate the increased flow of inmates into correctional facilities. **However, the reader is cautioned that the PBO is not aware of the decomposition of CSC's ARL into O&M, capital and new construction components, and this comparison should be seen only in the light of this context.**

The PBO's projection of the impact of the "Truth in Sentencing Act" includes additional construction on existing CSC land:

- 2 low security facilities with 250 cells each;
- 6 medium security facilities with 600 cells each;
- 4 high security facilities with 400 cells each; and,
- 1 multi-level security facility with 400 cells.

Capital asset replacement costs and recapitalization costs are estimated by the PBO based on external benchmarks. CSC may include lower figures in its own estimates for the same cost categories.

**Figure 3-B: Historical Parliamentary Appropriations and Projected Total Funding Requirements for CSC**



For FY2013-14 to FY2015-16, two potential departmental planned expenditure projections are presented for illustration. One projection shows a 2% annual rate of increase (consistent with an assumed rate of inflation), and the other shows a 12% annual rate of increase (consistent with the average annual rate of growth in departmental ARL for FY2010-11 to FY2012-13).

**Table 3-A: Future Annual Funding Projections for Federal CSC (2:1 to 1:1)**

	(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	Total
A	PBO projected total annual funding requirement	\$3,487	\$4,119	\$4,276	\$4,409	\$4,541	\$4,168	\$25,000
B	CSC Annual Reference Level (ARL)	\$2,460	\$2,926	\$3,128				
C	<b>Requirement gap</b>	\$1,027	\$1,193	\$1,147				

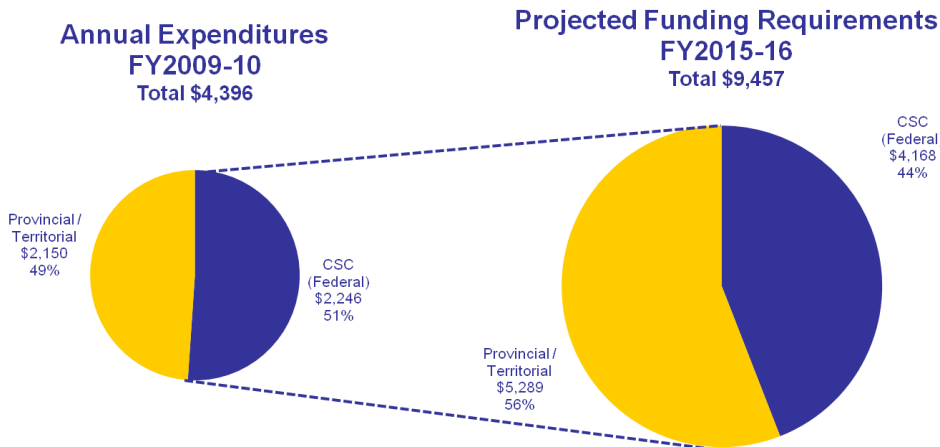
### 3.4 Comparison of Federal and Provincial/Territorial Funding Requirements

Provincial/territorial corrections in Canada are responsible for offenders who receive custodial sentences of less than two years and federal inmates on Exchange of Service Agreements. In addition, they are responsible for housing remanded inmates awaiting trial.

The PBO is currently not aware of the funding levels of the provincial/territorial correctional departments for the current and future fiscal years. Consequently, the PBO is not in a position to be able to project a financial impact for the provinces and territories. Hence, using the probabilistic simulation, the PBO has chosen to only show the total projected funding requirements for the provincial/territorial correctional departments over the FY2010-11 to FY2015-16 period.

The total funding requirement for federal and provincial/territorial correctional departments is shown below for comparative purposes, for FY2009-10, and for FY2015-16.

**Figure 3-C: Impact of “Truth in Sentencing Act” on Total Correctional Funding Requirements (\$ millions)**



The total expenditure on corrections in Canada, across federal and provincial/territorial jurisdictions, is estimated to amount to about \$4.4 billion for FY2009-10. The federal component of this expenditure was \$2.2 billion, or 51%, whereas the provincial share was about \$2.15 billion, or 49%. The total funding requirement for correctional departments in Canada is thus projected to rise to \$9.5 billion by FY2015-16, a factor of 2.15 increase over the FY2009-10 expenditures of \$4.4 billion. The federal share of this funding requirement is estimated to decline to 44% whereas the provincial share is estimated to rise to 56%.

The shift in the magnitude and share of the annual funding requirements to the provincial and territorial correctional departments are largely based (1) on a shifting proportion of the sentenced vs. the remanded inmates in provincial/territorial incarceration, and (2) in the context of the existing capacity constraints facing the provincial and territorial correctional departments.

## 4

## 4. Overview

### 4.1 Purpose

This PBO report is in response to a request from the Member of Parliament from Ajax-Pickering to investigate the ongoing and future costs stemming from the government bills that reform sentencing and conditional release. The legislation in question include several bills from the 40<sup>th</sup> Parliament, 2<sup>nd</sup> Session (January 26, 2009 to December 30, 2009), including bills C-2, C-14, C-15, C-25, C-36, C-42 and C-43. Given the significant problems associated with data availability from departments, the scope of this study is limited to a high level estimation of the costs associated with the implementation of C-25, or the “*Truth in Sentencing Act*”. This report uses the term C-25 and the “*Truth in Sentencing Act*” interchangeably. The purpose of this report is to determine the funding requirement and financial impact on account of the “Truth in Sentencing Act” on the correctional system across Canada. The scope of this report therefore includes:

- A description of the “Truth in Sentencing Act”, and the changes it proposes. The “Truth in Sentencing Act” received Royal Assent on the October 22, 2009, and came into force on the February 22, 2010<sup>2</sup>;
- PBO’s proposed methodologies for determining the financial impact – i.e., the cost on the corrections system across Canada as a result of this policy implementation; and,
- An estimation of the financial impact on the corrections system across Canada using the PBO’s proposed methodologies – the cost estimates include costs to the federal government , high-level funding requirement for provinces but excludes the costs to the municipalities due to unavailability of data.

**Note:**

The focus of the PBO report is on the financial impact on account of implementing the “Truth in Sentencing Act” and not on the policy merits of the legislation. The high-level cost estimates and observations presented in this report are not to be viewed as conclusions in relation to the policy merits of the legislation. In order to examine, with a high level of assurance, the financial impact of the policy implementation, a detailed bottom-up operational and financial due diligence based on bottom-up data and in

<sup>2</sup> “C-25: An Act to amend the Criminal Code (limiting credit for time spent in pre-sentencing custody)”, <http://www2.parl.gc.ca/Sites/LOP/LEGISINFO/index.asp?Language=E&Session=22&query=5773&List=toc>

compliance with the Treasury Board Guide to Costing is required. In the absence of detailed bottom up data from the CSC, PBO adopted methodologies, peer-reviewed by an independent panel of experts, to project the funding requirement and financial impacts on account of the Act.

## 4.2 Objectives of the “Truth in Sentencing Act”

The “Truth in Sentencing Act” amended the *Criminal Code* (the Code) to limit the credit a judge may allow for any time spent in pre-sentencing custody in order to reduce the punishment to be imposed at sentencing, commonly called “*credit for time served*”:

- In general, a judge may allow a *maximum credit of one day for each day spent in pre-sentencing custody* (new section 719(3) of the Code)<sup>3</sup>
- However, if, and only if, the circumstances justify it, a judge may allow a *maximum credit of one and one-half days for each day spent in pre-sentencing custody* (new section 719(3.1) of the Code)

## 4.3 Brief Overview of Sentencing in Canada

There are three levels of governments involved in administering the various aspects of the Canadian correctional system.

- At the federal level, mandated by the *Corrections and Conditional Release Act* and related regulations, CSC administers court-imposed sentences for offenders sentenced to two years or more.
- At the provincial level, provincial/territorial governments are responsible for administering court ordered sentences up to two years or less. Based on information at its disposal, the PBO is unaware of any formal written agreement between the federal and the provincial governments on funding arrangements in this regard.
- At the city or municipality level, there is an incidence of cost to hold offenders for short durations in remand as well as associated policing costs.

An understanding of the flow of an inmate through the Canadian correctional system is necessary to have an appreciation of the various operational and financial impacts stemming from the implementation of this Act. The Canadian correctional system is intrinsically complex given the fact that an inmate moves through multiple jurisdictions, each with its own independent funding, decision-making authorities, mandate and legal system. Please refer to section 7.1 entitled “*How a Person Moves Through the System*” on page 33 for more details.

## 4.4 Operational Overview at Correctional Facilities in Canada

The adult correctional system in Canada is largely divided into two jurisdictions, the federal jurisdiction (managed by the Correctional Service of Canada), and provincial and territorial jurisdictions (managed by the respective provincial and territorial correctional departments). Below is a brief description of the current operational situation at the federal and provincial/territorial correctional institutions.

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<sup>3</sup> “C-25: *Truth in Sentencing Act*”, Lyne Casavant and Dominique Valiquet, Legal and Legislative Affairs Division, Parliamentary Information and Research Service (PIRS), Library of Parliament, April 24, 2009, <http://www2.parl.gc.ca/Content/LOP/LegislativeSummaries/40/2/c25-e.pdf>

**Table 4-A: Brief Statistical Overview of Correctional Institutions in Canada for FY2007-08**

		<b>Provincial/Territorial</b>	<b>Federal</b>
Total annual inmate inflows <sup>4</sup>		154,768 remanded 85,748 sentenced 19,399 on "other status" <sup>5</sup> Total: 259,915	8,618
Average inmate headcounts <sup>4</sup>		12,888 remanded 9,750 sentenced 388 on "other status" <sup>5</sup> Total: 23,025	13,304
Total average annual costs per inmate / cell		\$84,225	\$147,467
Cell or bed capacity, by type	Low security	119	2,593
	Medium security	2,094	8,312
	High security	11,406	2,251
	Multi-level security	13,092	1,989
	<b>Total</b>	<b>26,711 (for FY2009-10)</b>	<b>15,145</b>
Number of facilities / institutions	Low security	4	34
	Medium security	23	19
	High security	40	8
	Multi-level security	47	13
	<b>Total</b>	<b>114</b>	<b>74</b>
Occupancy ratio		N/A <sup>6</sup>	87%

**Source: Federal CSC data sourced from Correctional Service of Canada (CSC), and CSC DPRs; provincial/territorial data sourced from respective correctional departments, inflow and headcount data sourced from CCJS, Statistics Canada.**

<sup>4</sup> "Annual inflows" refer to the total number of individual cases that entered the correctional system, whereas "headcounts" refers to the average number of individuals that were housed in correctional facilities throughout that year.

<sup>5</sup> From the Table 251-0001 from the Adult Correctional Services Survey by CCJS Statistics Canada, "Canada total and provincial and territorial figures are not available prior to 1983/1984. For provincial and territorial programs, "other status" refers to those inmates who are not sentenced or on remand, and typically include offenders held in temporary detention for immigration purposes or parole suspension and generally exclude lock-up counts. If not, these counts are included in either the sentenced or remand counts. Given the small number of temporary detainees held in the institutions, the sentenced and remand counts are marginally affected. For federal programs, "other status" include revocation of conditional release and other admissions such as exchange of services."

<sup>6</sup> The PBO, as of this writing, is unaware of the precise occupancy situations at all the provincial/territorial correctional facilities, but has been advised by domain experts that occupancy ratios at some provincial/territorial correctional facilities can range as high as 200% to 300%, i.e. 2 or 3 inmates sharing the same cell.



According to the CSC Commissioner Mr. Don Head, excluding the land acquisition and land development charges, the cost of adding:

- a single new low security cell amounts to \$260,000;
- a single new medium security cell amounts to \$400,000; and,
- a single new high security cell amounts to \$600,000.

For more details, please refer to the section entitled “*Cost of New Federal Correctional Facilities*”, on page 71.

**Note:**

As noted in Table 4-A earlier, the total average annual cost of an inmate in provincial/territorial custody is \$84,225, whereas it is \$147,467 for an inmate in federal custody.

Thus, increasing the provincial/territorial headcounts by a single inmate leads to an increase in total average annual funding requirement for the respective provincial/territorial correctional department by \$84,225.

Similarly, increasing the federal headcount by a single inmate leads to an increase in the total average annual funding requirement for the federal CSC by \$147,467.

Note must be made of the fact that if the increase in the headcount by an inmate leads to an occupancy management requirement to increase the cell or bed capacity in that correctional institution by one, then it will lead to an additional funding requirement for new construction to the tune of \$260,000, \$400,000, \$600,000 for that single inmate classified into low, medium, or high security type, respectively.

#### 4.5 Operational Impact of the “Truth in Sentencing Act”

The “Truth in Sentencing Act” is expected to create a significant funding requirement for the correctional system across Canada. An understanding of the operational impact of the bill is the necessary first step before translating this operational impact into a financial impact.

Costing the implementation of the “Truth in Sentencing Act” requires a methodology that would translate the operational impact of the “Truth in Sentencing Act” noted above into a financial impact. A rigorous bottom-up costing in full compliance with the Treasury Board Guide to Costing will provide the highest assurance to parliamentarians on the cost of implementing the “Truth in Sentencing Act”. However, in the absence of detailed bottom-up costs from the Correctional Service of Canada, the PBO has developed two top-down methodological approaches. The first is a simple financial model based on a case study of the 2007/08 fiscal year that estimates the financial impact of C-25 had the Act been in force and implemented in that year. PBO, in consultation with an independent peer-review panel, also developed a probabilistic simulation model to test the reasonableness of the estimated financial impacts.

**Note on Data Sources and Challenges:**

- **Data Sources:** It is important to note that the data sources used for this report contain very limited and high level data sourced primarily from the Canadian Centre for Justice Statistics (CCJS), Statistics Canada. Data on the capacities and number of facilities at the federal level was provided to the PBO by the CSC<sup>7</sup>. The data made available to the PBO by CCJS consists of all the data

<sup>7</sup> [http://www2.parl.gc.ca/sites/pbo-dpb/documents/Response\\_016.pdf](http://www2.parl.gc.ca/sites/pbo-dpb/documents/Response_016.pdf)

pertaining to annual inflows of remanded and sentenced inmates, annual releases of remanded and sentenced inmates, frequency distributions of sentence lengths awarded to provincial and federal inmates, and limited micro-data pertaining to time spent in remanded custody, and annual provincial O&M expenditures. These data form part of the Statistics Canada surveys such as the Integrated Correctional Services Survey and the Adult Correctional Services Survey.

- **Quality of Data:** Major parts of these statistics are very high level, and in order to be able to use them in an analytical context, the PBO has made certain assumptions, in consultation with the independent peer review panel. The conclusions made in this report must be seen in light of these extreme data limitations and challenges. Only full bottom-up data, backed by individual case-by-case data sourced back from the federal and provincial correctional departments will provide the best data source for an analysis that will provide parliamentarians with the highest level of assurance with regards to the financial analysis presented in this report.
- **Lack of Pertinent Financial Information in the Estimates Documents:** The current system of reporting expenditure information in the Estimates document does not provide pertinent decision-support financial and operational information to allow parliamentarians to independently determine the cost structure of running the correctional facilities based on the modifications in the Act. For example, to have utility and value in financial reporting to parliamentarians, the report at a minimum needs to contain cost accounting data, such as, what is the cost of running a minimum security prison, a medium security prison, a maximum security prison, a facility exclusively for women, etc.
- **Lack of a Departmental Methodology for Estimating the Cost of Policy Implementation:** From the correspondences with the CSC, the PBO was unable to glean the existence of any written methodology to estimate the cost of implementing this policy. Further, CSC officials were unable to meet with the PBO officials over the duration of this project. It should be noted that the Office of the Comptroller General has developed a robust guide to costing<sup>8</sup>. In the absence of CSC providing detailed costing data, it is not possible for the PBO to verify<sup>9</sup> if the department applied the referenced costing guide.

**Note on Behavioral Impacts:**

It is important to note that the PBO’s proposed methodologies and estimates exclude the behavioral impacts relating to:

- The judiciary – for example, judges could give shorter sentences, which could effectively negate the Bill’s intentions. According to Criminal Code of Canada, section 718.2 and section 718.21<sup>10</sup>, judges have to take into consideration the totality of factors prior to deciding the sentence length. The judiciary may also elect to impose more fines rather than send the guilty to sentenced custody; and,
- Law enforcement personnel – for example, anticipating an increase in prison

<sup>8</sup> “Guide to Costing”, <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12251&section=text>

<sup>9</sup> “2008 December Report of the Auditor General of Canada”, [http://www.oag-bvg.gc.ca/internet/docs/parl\\_oag\\_200812\\_07\\_e.pdf](http://www.oag-bvg.gc.ca/internet/docs/parl_oag_200812_07_e.pdf), “CSC focuses much of its effort on safety and security over economy and efficiency. We found little direction from national headquarters to institutions on how to manage their operations more economically and efficiently. The mandates of senior management committees refer to setting strategic direction and corporate policy and to providing advice, but none of them refers to responsibilities for economy and efficiency, such as establishing expectations, monitoring results, and taking corrective action. None of the performance information currently tracked looks at economy or efficiency of operations. Further, the requirement to manage economically and efficiently is not included in senior management performance agreements, so there is little incentive for them to do so.”

<sup>10</sup> Criminal Code of Canada, (R.S., 1985, c. C-46), <http://laws.justice.gc.ca/PDF/Statute/C/C-46.pdf>

population, law enforcement personnel may apprehend, detain and lay fewer charges than they otherwise would have, to deal with the operational challenges in correctional facilities;

- National Parole Board, Ontario and Quebec Parole Boards – In order to deal with the operational challenges of maintaining inmates in correctional facilities, as the inmate population grows beyond capacity, the parole boards could take operational decisions to grant an early release to prisoners;
- Correctional facilities – Correctional facilities may resort to housing multiple individuals in the same cell. In many jurisdictions, this is already a norm, as noted in various sections of this report, and the impact of the “Truth in Sentencing Act” is likely to aggravate this situation;
- Remanded inmates – the implementation of the “Truth in Sentencing Act” could possibly lead to **more** and **earlier** guilty pleas from the remanded inmates. Theoretically, on average, this could lead to less time spent in remand, but increased guilty pleas, and increased sentencing<sup>11</sup>; and,
- Sentenced inmates – the implementation of the “Truth in Sentencing Act” is projected to increase the proportion of time spent by inmates in sentenced custody vs. the amount of time they spend in remanded custody. Thus, while in sentenced custody, the inmates could theoretically avail themselves of programming to aid in reintegration back into society, which is traditionally not available to remanded inmates. The increased programming could lead to increased costs that have not been factored in the PBO analysis. However, this must be read in the backdrop of the fact that such programming is lacking in many situations in provincial institutions<sup>12</sup>.

The PBO’s methodologies and estimates exclude the cost to Canada arising from reputational risks, and the costs to judiciary to all levels, on account of:

- possible Charter challenges; and,
- increased appeals.

It should be noted that within the context of the assumptions made, the **PBO’s cost estimates may be seen as conservative** since they exclude the costs arising from:

- Land acquisition for new constructions;
- Land and site development for new constructions; and,
- Assumption of continued use of double- and triple-bunking procedures at correctional facilities.

**Note on Assumptions:**

Some of the key assumptions made by the PBO in the preparation of this report are listed below:

<sup>11</sup> Rob Nicholson, Minister of Justice and Attorney General of Canada, “*The approach taken in the truth in sentencing bill should encourage good conduct by accused persons while on bail and should encourage them to seek an early trial where possible and where appropriate to enter an early guilty plea*”, April 20, 2009, <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=40&Ses=2&DocId=3810635#Int-2700316>

<sup>12</sup> Rob Nicholson, Minister of Justice and Attorney General of Canada, “*However, those who defend the current practice note that the generous credit for pre-sentencing custody is also designed to take into account such factors as overcrowding and lack of rehabilitative programming for inmates in remand centres*”, and “*I learned a lot about the programming offered to inmates by the federal system, something that is in fact lacking in many situations where people are incarcerated in a provincial institution, at least in some provinces. They also talked about the importance of modernizing the parole system*”, April 20, 2009, <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=40&Ses=2&DocId=3810635#Int-2700316>

- At the federal level, the occupancy ratio at correctional institutions, i.e. the ratio of the total number of inmates to the total number of available cells has stayed relatively constant at 90%. The PBO has continued to use this occupancy ratio for future projections.
- Given the lack of any reliable figure for occupancy ratios for provincial/territorial correctional institutions, the PBO has applied the same 90% occupancy ratio assumptions for future projections (i.e. 0.9 inmates per bed).
- Historically, the destination facilities for incoming inmate population at federal institutions were classified as 15% low, 57% medium, 18% high security, and 10% multi-level security. The PBO has continued to maintain this classification for future inmate population projections at the federal level.
- The destination facilities for incoming inmate population at provincial/territorial institutions were classified for FY2009-10 as 0.4% low, 8% medium, 43% high security, and 49% multi-level security. The PBO has continued to maintain this classification for future inmate population projections at the provincial/territorial level.
- Headcounts at provincial/territorial facilities were tabulated. For example, 12% of all inmates are housed in Alberta, 11% in BC, 36% in Ontario, 21% in Québec, etc. The PBO has continued to use the same breakdown for the provincial headcounts for future projections.
- Recapitalization rate is assumed at 4% of the total asset replacement value.
- Accounting life of capital assets is assumed at 40 years for permanent structures.
- Annual regression time trends have been used to project the average headcounts and inflows at provincial/territorial and federal facilities for the next five fiscal years. The frequency distribution of the amount of time spent in remanded provincial custody has been assumed to be normally distributed. Information available from Statistics Canada does indicate that the distribution is skewed, although there has been movement over the past ten years toward longer stays for remanded inmates.

PBO's methodologies are based on three distinct phases, using historical trends, which demonstrate three intuitively identified impacts of the legislation:

1. An **increased amount of time** that the inmates will spend in provincial and federal sentenced custody respectively due to removal of additional credit for time served in remand;
2. A **new flow of inmates from provincial into federal facilities** due to the increase in time to be spent in a facility due to removal of additional credit for time served in remand; and,
3. A **new inflow of inmates into the provincial and federal facilities which normally would not have happened** due to credit for time served – they could have been directly released from remand into community supervision.

In order to examine the full funding requirement, the PBO financial model consists of the projections relating to:

- a. **New construction costs**, which consist of expenditures **required to be reserved**, for the construction of **new federal and provincial/territorial** correctional facilities to meet the projected demand;
- b. **Annual lifecycle capital expenditures**, which consist of
  - i. Increased expenditures for capital asset replacement for **federal and provincial/territorial** correctional facilities, as determined by the PBO financial model, after **the new correctional facilities have been operationalized**;
  - ii. Increased **annual re-capitalization expenditures** required to ensure that the existing federal and provincial/territorial correctional

infrastructure will *indeed be useable until the end of its useful life as determined by engineering estimates*; and,

- c. **Annual lifecycle operating and maintenance expenditures** for federal and provincial/territorial correctional infrastructure.

#### 4.6 PBO’s Simple and Illustrative Financial Model: What if the “Truth in Sentencing Act” was in place in FY2007-08?

Using basic data available for FY2007-08, PBO has constructed a simple and illustrative financial model to calculate the indicative financial impact assuming the “Truth in Sentencing Act” was in place in FY2007-08.

In setting up the hypothetical scenario, a number of key data points are required:

1. For the sample fiscal year of 2007-08, 8,618 inmates were admitted to federal sentenced custody.
2. These inmates had spent about 159 days on average in remanded custody, prior to entering federal sentenced custody.
3. The average headcount of sentenced inmates in federal (CSC) correctional facilities was 13,304 inmates, whereas that of the inmates under community supervision was 7,036, bringing the total number of inmates under CSC management to  $13,304 + 7,036 = 20,340$  inmates. Thus, the total proportion of inmates physically in CSC correctional facilities =  $13,304 / 20,340 = 65\%$ .
4. Using Little’s Law , as outlined in Section 10.2 entitled “*Phase II of the PBO Model*” on page 50, one can estimate that the 13,304 inmates would spend on average  **$13,304 / 8,618 = 1.54$  years or 563 days** in federal sentenced custody, on average, prior to entering community supervision, or being released on day parole, full parole, or statutory release.
5. In FY2007-08, CSC had 14,846 cells to house these 13,304 inmates in correctional facilities. Thus, the annual occupancy ratio for FY2007-08 was  **$13,304 / 14,846 = 90\%$** .
6. In FY2007-08, Parliament appropriated **\$2,000 million in O&M and \$190 million in capital expenditures** for CSC.
7. Thus, on a per cell count, Parliament appropriated
  - $\$2 \text{ billion} / 14,846 \text{ cells} = \$134,689$  per cell in O&M expenditures; and,
  - $\$190 \text{ million} / 14,846 \text{ cells} = \$12,778$  per cell in capital expenditures, for a total of  **$\$134,689 + \$12,778 = \$147,467$  of total funding per cell**.

##### 4.6.1 Determining the Financial Impact Resulting from the Enactment of the “Truth in Sentencing Act” – a FY2007-08 Scenario

The “Truth in Sentencing Act” aims to eliminate additional credit received for time served in remanded custody. The impact of the legislation can be analyzed through a case study of the 2007/08 fiscal year. Using the same assumptions, caveats for data qualities, and exclusion of behavioral impacts as mentioned in the section 4.5 entitled “*Operational Impact of the “Truth in Sentencing Act”*”, the PBO has estimated the impact of the Act had it been implemented and in force in the 2007/08 fiscal year.

- For the sample fiscal year of 2007-08, we continue with our original status quo assumption of 8,618 inmates being admitted to federal sentenced custody.
- These inmates had spent about 159 days on average in remanded custody, prior to entering federal sentenced custody. From point (4) above, these federally sentenced inmates would spend **1.54 years, or 563 days**, physically in CSC

correctional institutions. On account of the "Truth in Sentencing Act", now these inmates would have to spend an **additional  $(2 - 1) * 159 = 159$  days in sentenced federal custody, bringing the total amount of time they would spend in federal sentenced custody to  $563 + 159 = 722$  days or 1.98 years.**

- Thus, using reverse Little's Law, the average headcounts would be  **$1.98 * 8,618 = 17,058$** . Also, given the fact that traditionally, this figure represents about 65% of all the inmates under CSC management at a given point in time, we can determine that there would probably be an additional 9,021 inmates in community supervision. This would bring the total number of inmates under CSC management at any given point in time as  **$17,058 + 9,021 = 26,080$** .
- To house inmates, CSC has traditionally had 10 cells for every 9 inmates, i.e. their occupancy ratio has traditionally stayed constant at **about 90%**, as shown in point (5) above. Thus, assuming that CSC would continue to house the 17,058 inmates at about 90% occupancy, the total cell capacity requirement would be  **$17,058 / 90\% = 19,035$  cells**.
- As calculated in point (7) above, CSC, in FY2007-08 required **\$147,467 in total funding per cell in appropriations**. Thus, the new funding requirement for CSC would now be  **$\$147,467 * 19,035 = \$2,807$  million, representing an increase of about \$618 million relative to the actual authorities for O&M and capital in FY2007-08 of \$2,189 million**.
- Also note that the CSC would now need an additional  **$19,035 - 14,846 = 4,189$  cells, assuming one inmate per cell**. Traditionally, CSC has maintained:
  - 18% of its cells in low security,
  - 56% in medium security,
  - 14% in high security, and,
  - 13% in multi-security institutions.

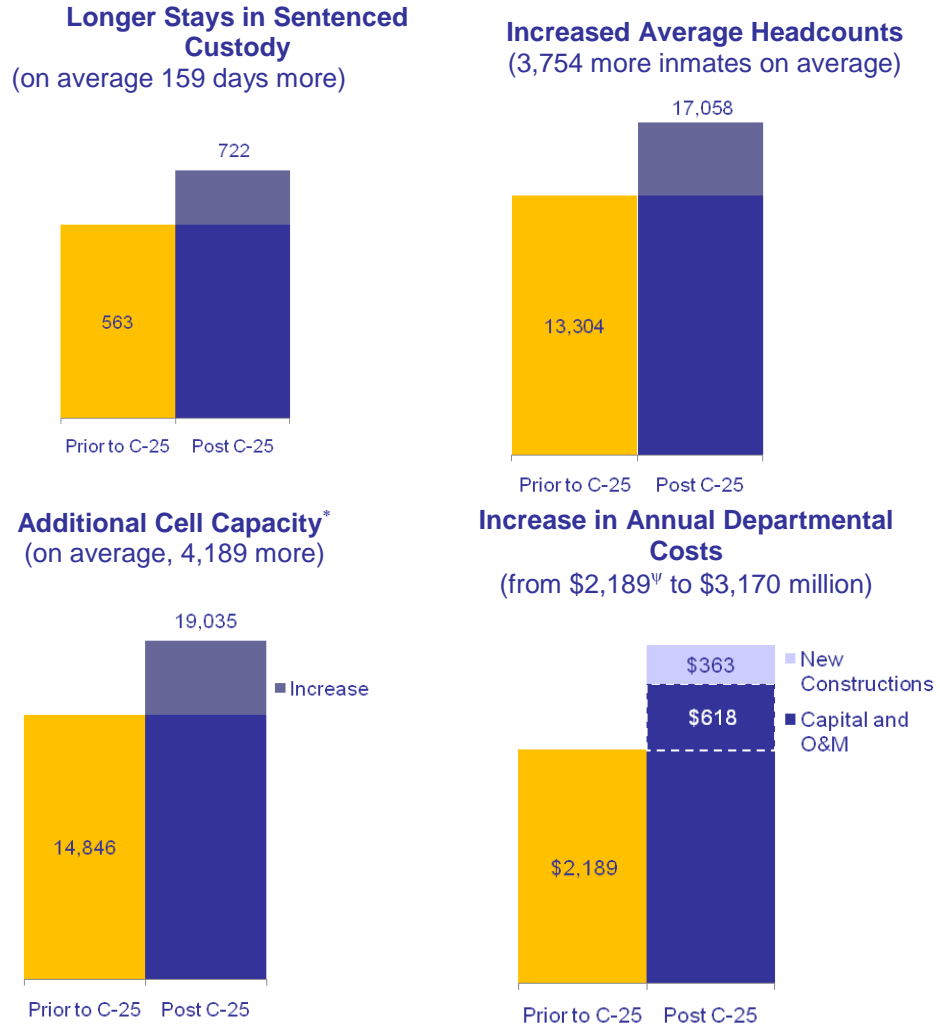
Thus, we can project, again assuming status quo, that the incoming inmates (the number of which is left unchanged), would be spread into the 4,189 newly required cells just as before. Thus we can project that out of the 4,189 new cell requirement, CSC would need:

- $18\% * 4,189 = 745$  low security cells,
- $56\% * 4,189 = 2346$  medium security cells,
- $14\% * 4,189 = 586$  high security cells, and,
- $13\% * 4,189 = 545$  multi-level security cells.
- CSC commissioner Don Head has identified that would cost about \$260,000, \$400,000 and \$600,000 to built a single new cell classified as either low, medium and high security type respectively (see Section 17). We also make an additional assumption that a multi-security institution would cost roughly the same as a high-security institution, i.e. \$600,000 per cell.
- Thus, there would be a new construction funding requirement of:
  - $\$260,000 * 745 = \$196$  million on low security cells;
  - $\$400,000 * 2346 = \$938$  million on medium security cells;
  - $\$600,000 * 586 = \$352$  million on high security cells; and,
  - $\$600,000 * 545 = \$327$  million on multi-level security cells;
 for a grand total of  **$\$196M + \$938M + \$352M + \$327M = \$1,813$  million** on new facility constructions.
- Assuming that it would take **about 5 years to build and operationalize** the new facilities, and amortizing the total \$1.8 billion dollar expenditure on a percentage-of-completion basis over five years, we get  **$\$1,813M / 5 = \$363$  million** in annual new facility construction costs. If the CSC decides to not construct new facilities and chooses to double-bunk inmates (i.e. housing multiple inmates in the same cells), **then there may be no need to build additional facilities**.
- Thus, the annual funding requirement for CSC, had the "Truth in Sentencing Act" been brought into force prior to FY2007-08, would amount to  $\$2,807M + \$363M = \$3,170$  million if the CSC were to opt for new facility constructions; and would

be \$2,807 million if the CSC were to not construct any new facilities but simply choose to double bunk inmates.

The charts below summarize the additional costs and impacts on cost drivers on account of the "Truth in Sentencing Act" on federal corrections. The post C-25 costs include O&M, new construction and capital. Capital costs include capital asset replacement and annual re-capitalization expenditures.

**Figure 4-A: What if the "Truth in Sentencing Act" (C-25) Was in Force in FY2007-08: Examining the Financial Impact on the Federal Government**



\* Assumes 90% occupancy ratio

<sup>v</sup> Reflects actual authorities for O&M and capital made available by Parliament in FY2007-08

#### 4.7 PBO's Probabilistic Simulation Model: FY2010-11 to FY2015-16

In spite of the significant data challenges, in order to illustrate a five-year funding requirement and to test the reasonableness of the estimates developed by the simple financial model, the PBO has also developed a methodology using a **probabilistic model to simulate** the flow of inmates through the corrections facilities.

The methodology uses a Monte Carlo simulation that models the profile of inmates that flow through the correctional system. The inflow of the modified profile of the incarcerated is then fed into the **operational simulation**, which deals with the physical flow of the inmates through the system based on various operational and capacity criteria. The subsequent projected capacity requirement and new construction costs, based on traditional occupancy ratios, built up capacities in various correctional jurisdictions is then directly calculated by **another Monte Carlo simulation** which is fed into by the above two simulations. The capital budget as projected by the combined **triple simulation model** projects the new construction costs required for various types of security facilities, spanning across federal, provincial and territorial jurisdictions. The projection of the new construction costs is then subsequently used to project the future on-going recapitalization, replacement and O&M expenditures, assuming that the facilities will be used at the projected occupancy ratios.

For more details on the PBO's methodology and financial model, please refer to the Section 9, entitled "*Addendum - PBO Methodology*" on page 41.

The PBO's financial projections are based on the change of credit for time served in remanded custody from 2:1 to 1:1, which projects the outcomes based on the cases wherein the sentenced inmates are awarded a one day credit for each day served in remanded custody, a change from the two day credit they are assumed to have received otherwise for each day served in remanded custody.

For more details, please refer to Section 10.4 entitled "*Case Projections*", on page 51. The total departmental funding requirement for the implementation of "Truth in Sentencing Act" consists of funding for the federal correctional service, i.e. the Correctional Service of Canada (CSC), and the funding for the respective provincial/territorial correctional services.

These are discussed in more detail in the sections below, for both the federal and provincial/territorial levels.



#### 4.8 Projected Total Funding Requirements and Financial Impact on Account of the “Truth in Sentencing Act” (Federal level)

The projected total funding requirements for CSC (federal level) is shown in Table 4-B, which includes the increased funding, required on account of the “Truth in Sentencing Act”.

**Table 4-B: Future Annual Funding Projections for Federal CSC (2:1 to 1:1)**

(\$ millions)		FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
PBO projected new construction costs		682	682	682	682	682	0
PBO projected lifecycle capital expenditures	Recapitalization	262	262	262	262	262	371
	Capital asset replacement	164	164	164	164	164	232
PBO projected O&M		2,380	3,012	3,168	3,301	3,433	3,566
PBO projected total funding requirement		3,487	4,119	4,276	4,409	4,541	4,168

As noted in Table 4-B, the total departmental funding requirement for CSC, including the increased funding requirement on account of “Truth in Sentencing Act” is projected to be \$3.5 billion in FY2010-11, and projected to rise to \$4.1 billion, by FY2015-16. The \$3.5 billion is composed of \$2.4 billion in O&M expenditures<sup>13</sup>, an annual expenditure of \$682 million for new facility construction costs over the five-year construction period until FY2015-16 each, \$262 million annually for recapitalization, and \$164 million for capital asset replacement expenditures. The projection for construction costs drops down to zero in FY2015-16, when the new facilities are assumed to be operationalized. It is estimated that the CSC will be required to build:

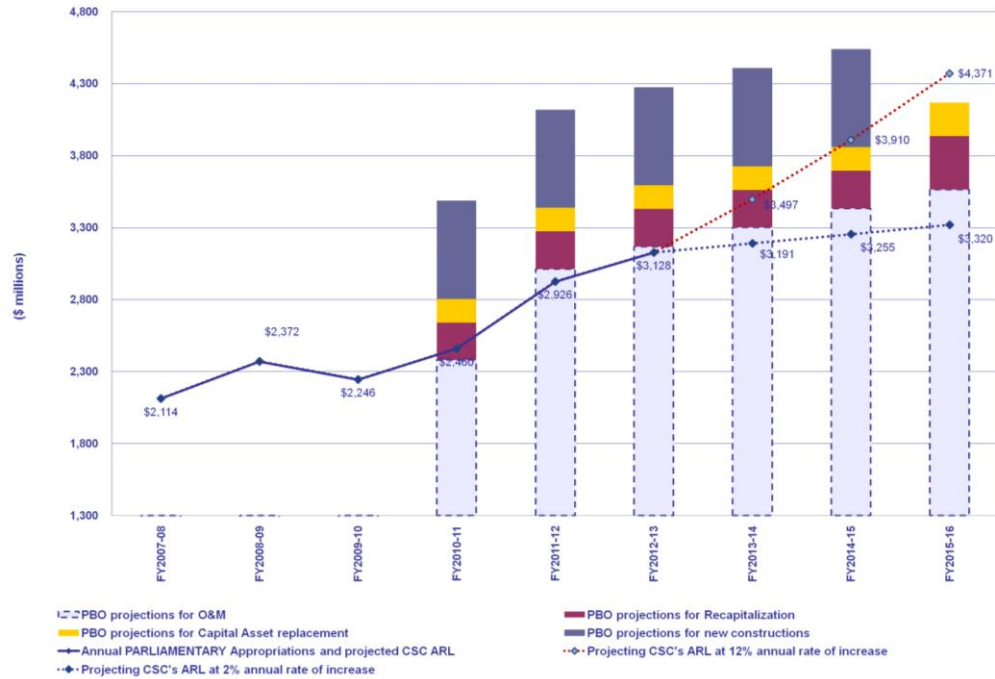
- 2 low security facilities with 250 cells each;
- 6 medium security facilities with 600 cells each;
- 4 high security facilities with 400 cells each; and,
- 1 multi-level security facility with 400 cells each.

From FY2015-16 onwards, the operationalization of these new facilities will result in increased expenditures on the projected lifecycle capital expenditures, as shown in the Table 4-B.

**It should be noted that, this increased funding that Parliament would need to appropriate for future years is based on the PBO assumption that the federal and provincial correctional system would operate on the basis of assumed occupancy ratios. Therefore, should the GC choose not build new correctional facilities, the increased funding requirement based on O&M and recapitalization for the increased inmate population will nevertheless have to be incurred.**

<sup>13</sup> The O&M expenditures, which are projected based on the historical operating vote (Vote 30) appropriations by Parliament, could possibly include some capital expenditures such as recapitalization.

**Figure 4-B: Historical Parliamentary Appropriations and Projected Total Funding Requirements for CSC**



For FY2013-14 to FY2015-16, two potential departmental planned expenditure projections are presented for illustration. One projection shows a 2% annual rate of increase (consistent with an assumed rate of inflation), and the other shows a 12% annual rate of increase (consistent with the average annual rate of growth in departmental ARL for FY2010-11 to FY2012-13).

Figure 4-B and Table 4-C show the historical appropriations and departmental ARL (Annual Reference Level) for CSC, and PBO’s future funding requirement for the federal corrections (CSC), on account of the 2:1 to 1:1 case.

**Table 4-C: Future Annual Funding Projections for Federal CSC (2:1 to 1:1)**

	(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	Total
A	PBO projected total annual funding requirement	\$3,487	\$4,119	\$4,276	\$4,409	\$4,541	\$4,168	\$25,000
B	CSC Annual Reference Level (ARL)	\$2,460	\$2,926	\$3,128				
C	Requirement gap	\$1,027	\$1,193	\$1,147				

Table 4-C illustrates a gap in funding requirement between the projected annual requirement (with C-25 impact) and CSC’s planned ARL.

Relative to the CSC’s projected planned expenditure for 2010-11 to 2012-13, results from the PBO simulation model indicate a net financial requirement of about \$1 billion annually (see Figure 4B and Table 4C). These results are similar to the net financial requirement

presented earlier from the simple financial model (i.e. \$618 million in additional O&M and capital plus \$363 million for new construction).

Table 4-D is similar to Table 4-C with the exception that Row “A” which, in Table D, shows only the O&M component of PBO’s projected total annual funding requirement. This comparison is made to estimate the total funding requirement if the government decided not to construct any new correctional facilities, and not to invest in any capital expenditures.

**Table 4-D: Future Annual Funding Projections for Federal CSC (2:1 to 1:1) (PBO O&M vs. CSC ARL comparison)**

	(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	Total
A	PBO projected total annual funding requirement	\$2,380	\$3,012	\$3,168	\$3,301	\$3,433	\$3,566	\$18,861
B	CSC Annual Reference Level (ARL)	\$2,460	\$2,926	\$3,128				
C	Requirement gap (A – B)	-\$80	\$86	\$40				

This finding **could be interpreted** to mean that while the PBO’s total funding requirement projections and CSC’s ARL are fairly similar in terms of their O&M component, CSC’s ARL excludes any capital expenditures or new facility constructions. This could imply that the department would choose to house multiple inmates (double-bunking) within the same cell, and not invest in any new facility constructions. Earmarked as Planned Capital Spending for CSC for FY2010-11, FY2011-12, and FY2012-13 are \$329.4 million, \$517.5 million, and \$466.9 million, respectively. However, it is not clear whether these Planned Capital Spending figures are included in the departmental ARL as shown in the tables above. **Hence the reader is cautioned to the fact that the PBO is not aware of the decomposition of CSC’s ARL into O&M, capital and new construction components, and this comparison should be seen only in the light of this context.**

**Note:**

To date, the GC has appropriated \$89.24 million specifically for the implementation of “Truth in Sentencing Act”<sup>14</sup>. In addition, the departmental ARLs for FY2010-11, FY2011-12 and FY2012-13 are as reported in the RPPs as \$2,460 million, \$2,926 million, and \$3,128 million, respectively. For more details please refer to the section 15.1 entitled “Parliamentary Appropriation Specifically for “Truth in Sentencing Act”” on page 105.

#### 4.9 Projected Total Funding Requirements on Account of the “Truth in Sentencing Act” (Provincial/Territorial level)

The projected total funding requirement for provincial/territorial correctional departments is shown in Table 4-E and Table 4-F. The PBO is not aware of the planned funding levels of the provincial/territorial correctional departments for the current and future fiscal years. Consequently, the PBO is not in a position to be able to project a financial impact for the provinces and territories.

<sup>14</sup> The Minister for Public Safety has however publicly stated that “the bill would cost \$2-billion over five years”, from “Time for Mr. Toews to share”, <http://www.theglobeandmail.com/news/opinions/editorials/time-for-mr-toews-to-share/article1574790/>

**Table 4-E: Projected Total Funding Requirements for Provincial/Territorial Level**

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	Total
Total funding requirement	\$6,443	\$6,584	\$6,715	\$6,870	\$7,014	\$5,289	\$38,916

As shown in Table 4-E, to meet the future inflow requirements, assuming credit time changed from 2:1 to 1:1 of the "Truth in Sentencing Act", the total future projected funding for correctional departments in all provinces and territories is projected to rise to about \$6.5 billion for FY2010-11 to about \$7 billion in FY2014-15 before declining to \$5.3 billion in FY2015-16. The decline in the FY2015-16 reflects the PBO assumption that construction for the projected new facilities would be complete by FY2015-16 and the additional funding requirement for that cost category would reduce to zero.

For a breakdown of the total funding requirement please refer to Annex Section 11.9 entitled "*Total Cost Summation for the Provincial Level*", on page 83. Table 4-F shows the breakdown of the total provincial/territorial funding requirement in the 2:1 to 1:1 case.

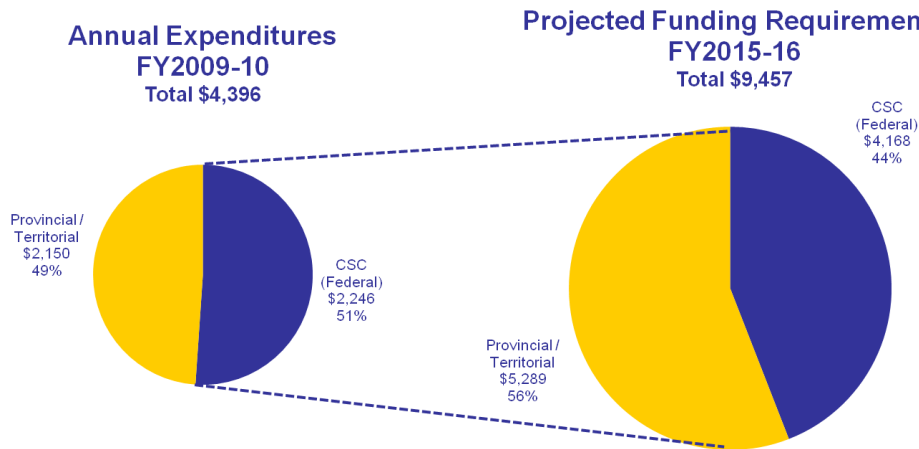
**Table 4-F: Future Annual Funding Projections for Provincial/Territorial Correctional Departments (case 2:1 to 1:1)**

(\$ millions)		FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
PBO projected new construction costs		2,531	2,531	2,531	2,531	2,531	0
PBO projected lifecycle capital expenditures	Recapitalization	623	623	623	623	623	1,028
	Capital asset replacement	389	389	389	389	389	642
PBO projected O&M		2,901	3,041	3,173	3,328	3,472	3,619
PBO projected total funding requirement		6,443	6,584	6,715	6,870	7,014	5,289

#### 4.10 Comparison of Federal and Provincial/Territorial Funding Requirements

The total funding requirement for federal and provincial/territorial correctional departments is shown below for comparative purposes, for FY2009-10, and for FY2015-16.

**Figure 4-C: Impact of “Truth in Sentencing Act” on Total Correctional Funding Requirements (\$ millions)**



As shown above, the total expenditure on corrections in Canada, across federal and provincial/territorial jurisdictions is estimated to amount to about \$4.4 billion for FY2009-10. The federal component of this expenditure was \$2.2 billion, or 51%, whereas the provincial share was about \$2.1 billion, or 49%. By 2015-16, the total funding requirement will rise to \$9.4 billion with the provincial share rising to 56%.

The shift in the magnitude and share of the annual funding requirements to the provincial and territorial correctional departments are largely based on (1) a shifting proportion of the sentenced vs. the remanded inmates in provincial/territorial incarceration, and (2) in the context of the existing capacity constraints facing the provincial and territorial correctional departments.

**It should be noted that PBO cost projections assume that the new constructions will be expansions or constructions on existing land already owned by the respective governments. If the new facilities are to be constructed on land that needs to be newly acquired and developed, the PBO projected costs are likely to increase by 20% to 30%.**

# 5

## 5. Addendum - Introduction

The purpose of this report is to determine the financial impact of the “Truth in Sentencing Act” on the corrections system across Canada. The scope of this report therefore includes the following:

- A description of the proposed “Truth in Sentencing Act” (which is now a law), and the changes it proposes;
- An examination of the impact on the flow of inmates through the judicial and corrections system in Canada;
- PBO’s proposed methodology for determining the future financial impact on the corrections system across Canada; and,
- Estimation of the financial impact on the corrections system across Canada using the PBO’s proposed methodology.

C-25, or the “*Truth in Sentencing Act*”, received Royal Assent on the October 22, 2009, and came into force on the February 22, 2010<sup>15</sup>.

### Note:

This report by the PBO determines the financial impact of “Truth in Sentencing Act” only. The financial impact of “Truth in Sentencing Act”, as determined by this report, contains the impact of no other bill, either under consideration by the 2<sup>nd</sup> session of the 40<sup>th</sup> Parliament, or enacted into law. Specifically, this report **does not include the financial impact of the following bills:** C-2, passed in 39<sup>th</sup> Parliament, 2<sup>nd</sup> Session, C-14, passed in June 2009, C-15, C-36, C-42, and C-43, etc.

Section 6 provides a brief overview of the “Truth in Sentencing Act” and its terms; section 7 provides the contextual overview of the correctional system in Canada; section 8 briefly demonstrates the procedural impact of the “Truth in Sentencing Act” using examples; section 9 describes the PBO methodology for estimating the financial impact of “Truth in Sentencing Act”; section 10 describes PBO’s financial model based on the PBO methodology; section 11 describes the PBO estimate of the financial impact of “Truth in Sentencing Act” using PBO methodology and the financial model; sections 12 and 13 calculate the historical cost per federal and provincial/territorial inmate respectively.

<sup>15</sup> “*Statutes of Canada 2009*”, Chapter 29, Second Session, Fortieth Parliament, 57-58 Elizabeth II, 2009, <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Docid=4172410&file=4>

## 6

### 6. Addendum - An Overview of “Truth in Sentencing Act”

The “Truth in Sentencing Act” amends the *Criminal Code* (the Code) to limit the credit a judge may allow for any time spent in pre-sentencing custody in order to reduce the punishment to be imposed at sentencing, commonly called “credit for time served”.

**Note:**

Note that traditionally, “*Truth in Sentencing*”<sup>16</sup> refers to either reducing or eliminating the parole granted to sentenced inmates in majority of jurisdictions worldwide – i.e. reducing the possibility of early release from incarceration on account of parole. In Canada it refers to reducing the possibility of early release from incarceration on account of reducing credit for time served in remanded custody prior to entering sentenced custody.

**Particularly, the “Truth in Sentencing Act” does not apply to those sentenced inmates who have not spent any time in remanded custody prior to entering sentenced custody (on account of having received bail prior to sentencing, etc.)**

From “*Bill C-25: Truth in Sentencing Act*” by Lyne Casavant and Dominique Valiquet, Legal and Legislative Affairs Division, Parliamentary Information and Research Service (PIRS), Library of Parliament<sup>17</sup>:

- In general, a judge may allow a *maximum credit of one day for each day spent in pre-sentencing custody* (new section 719(3) of the Code); and,
- However, if, and only if, the circumstances justify it, a judge may allow a *maximum credit of one and one-half days for each day spent in pre-sentencing custody* (new section 719(3.1) of the Code).

<sup>16</sup> “*Truth in Sentencing Law & Legal Definition*”, <http://definitions.uslegal.com/t/truth-in-sentencing/>

<sup>17</sup> “*Bill C-25: Truth in Sentencing Act*”, Lyne Casavant and Dominique Valiquet, Legal and Legislative Affairs Division, Parliamentary Information and Research Service (PIRS), Library of Parliament, April 24, 2009, <http://www2.parl.gc.ca/Content/LOP/LegislativeSummaries/40/2/c25-e.pdf>

Section 719(3) of the Criminal Code<sup>18</sup> states that:

*"In determining the sentence to be imposed on a person convicted of an offence, a court may take into account any time spent in custody by the person as a result of the offence."*

It is widely assumed that time spent in pre-sentencing custody is counted as double time, although some courts have counted time spent in pre-sentencing custody as triple time<sup>19</sup>.

**Note:**

Intuitively, the amount of time inmates may spend in sentenced custody will rise. Specifically,

- Amount of time inmates may spend in sentenced provincial and territorial custody will rise;
- Amount of time inmates may spend in sentenced federal custody will rise;
- Remanded inmates, who were earlier directly released into community supervision from remanded custody after release from remand on account of credit for time already served in remanded custody - will now no longer be released, but will instead be sent to sentenced custody; and,
- Sentenced provincial inmates, who spent time in provincial/territorial sentenced custody (on account of their sentence length being less than 2 years), may now end up being sent to federal sentenced custody (on account of their sentence length going above the 2 year mark, due to a reduction in credit for time served in remand).

The PBO report will attempt to determine the full financial impact on each of these four accounts.

<sup>18</sup> *The Criminal Code, C-46, "An Act respecting the Criminal Law"*, [http://www.canlii.org/en/ca/laws/stat/rsc-1985-c-c-46/76727/rsc-1985-c-c-46.html#PART\\_XXIII\\_SENTENCING\\_3977649](http://www.canlii.org/en/ca/laws/stat/rsc-1985-c-c-46/76727/rsc-1985-c-c-46.html#PART_XXIII_SENTENCING_3977649)

<sup>19</sup> *"The Government of Canada introduces legislation restricting credit for time served"*, March 27, 2009, [http://www.justice.gc.ca/eng/news-nouv/nr-cp/2009/doc\\_32345.html](http://www.justice.gc.ca/eng/news-nouv/nr-cp/2009/doc_32345.html), "Courts typically take into account certain factors in determining the amount of credit for pre-sentencing custody, such as overcrowding or a lack of programming for inmates. This has resulted in courts traditionally awarding credit at 2 to 1 for pre-sentencing custody. On rare occasions, the credit awarded has been as high as 3 to 1."



# 7

## 7. Addendum - Overview of the Corrections System Across Canada

The correctional system in Canada consists of a two-fold jurisdictional split: sentenced inmates with a sentence of greater than 24 months (or 2 years) spend time in federal sentenced custody under the management of the Correctional Service of Canada (CSC). Sentenced inmates with a sentence of less than 24 months (or 2 years) and remanded inmates spend time in provincial or territorial sentenced custody under the management of the respective correctional department of the provincial or territorial government.

### 7.1 How a Person Moves Through the System

To understand the impact of the “Truth in Sentencing Act” (and by inference, other crime related legislation that concern any aspect of the correctional system in Canada), it is pertinent to have an understanding of the flow of a “sample” person through the system as it exists.

To that end, there are two different types of impacts on a person (and consequently, the correctional system in Canada) that moves through the system:

1. Organizational impact: this is the impact on account of the actions of various (and in many cases, under independent mandates and funding sources) organizations and institutions across Canada on the correctional system; and,
2. Procedural impact: this is the impact of several rules, regulations and laws affecting the procedural movement of the inmate (whether sentenced or not) through the system.

#### 7.1.1 Organizational Impact

Multiple organizations and institutions that have their own (and oftentimes, independent mandates) have a direct impact on the operational conditions at the various correctional facilities in Canada.

Figure 7-B depicts the various organizations, and their impact on the adult correctional system in Canada.

The following organizations have a direct impact on the correctional system in Canada:

- The Royal Canadian Mounted Police;
- The Provincial Police;

- The Metropolitan Police;
- The Judiciary;
- Parole Boards;
- Legislative bodies in Canada (provincial, territorial legislative assemblies, House of Assembly, National Assembly, and federal Parliament); and,
- Federal and provincial/territorial correctional departments.

However, they are broadly organized into 4 major groups:

1. The agencies and organizations that apprehend inmates and decide whether to send the inmates into custody or not (RCMP, provincial police, and metropolitan police);
2. The agencies and organizations that decide whether to keep the inmates in custody or not (the Judiciary);
3. The agencies and organizations that decide whether to release the inmates or not (Correctional departments and Parole Boards); and,
4. The agencies and organizations that decide the general frame of reference for the above three types of agencies (Legislative Bodies).

#### *The Royal Canadian Mounted Police*

The RCMP is the federal police under the mandate for law enforcement on all federal lands, and those provinces where it doubles up as the provincial police force.

#### *The Provincial Police*

Provincial police such as Ontario Provincial Police and Sûreté du Québec are the provincial police for the provinces of Ontario and Québec, respectively. They are tasked with the law enforcement in the provinces of Ontario and Québec, excluding the major metropolitan areas, and are managed and funded by the respective provincial governments.

The Royal Newfoundland Constabulary is the provincial police force for Newfoundland and Labrador, but has a mandate to provide law enforcement services to North East Avalon, Corner Brook, and Western Labrador<sup>20</sup>. Policing for the rest of the province has been contracted to the RCMP.

#### *The Metropolitan Police*

Major metropolitan regions of Canada, such as Toronto, Montréal, Ottawa, Vancouver, Calgary, etc. are policed by the respective metropolitan police.

#### *The Judiciary*

The court (judiciary) system in Canada is composed mainly of Provincial and Federal Administrative Tribunals, Provincial Courts, Military Courts, Provincial/Territorial Superior Courts and Federal Court, Tax Court of Canada, Provincial Courts of Appeal, Federal Court of Appeal, and the Supreme Court of Canada<sup>21</sup>. Their relationship is briefly depicted in Figure 7-A.

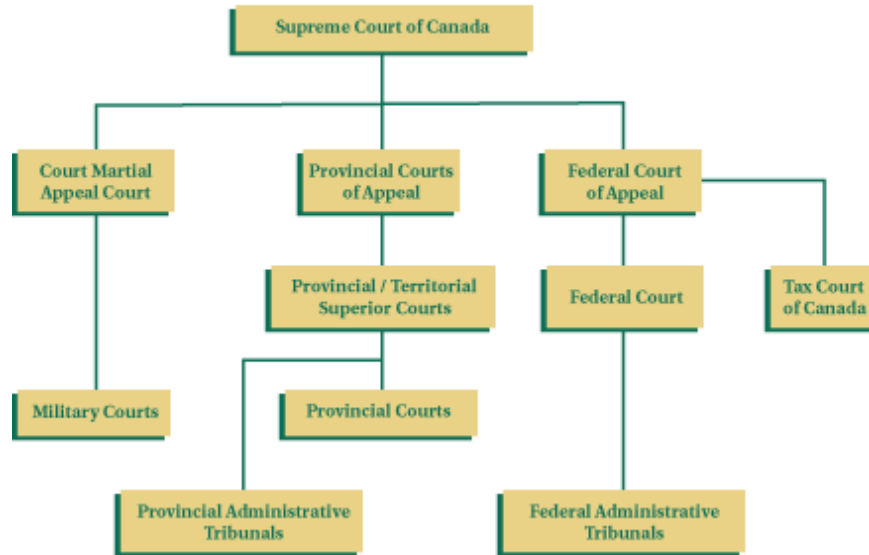
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<sup>20</sup> Royal Newfoundland Constabulary Corporate Plan 2009-2011, <http://www.nrc.gov.nl.ca/publications/RNCCorporatePlan20092011.pdf>

<sup>21</sup> “How the Courts are Organized”, <http://canada.justice.gc.ca/eng/dept-min/pub/ccs-ajc/page3.html>

Figure 7-A: Canada's Court System (Source: Justice Canada)

## Outline of Canada's Court System



### Parole Boards

In Canada, the National Parole Board is the Canadian government agency, which, established under the *Parole Act* of 1959, and under the *Corrections and Conditional Release Act* has the exclusive authority "to grant, deny, cancel, terminate, revoke day parole and full parole; and pardons under the Criminal Records Act, and the Criminal Code of Canada, for provinces and territories that do not have their own parole boards.

The provinces of Ontario and Quebec have their own parole boards called the Ontario Parole Board and the Commission québécoise des libérations conditionnelles (CQLC), which have the authority to grant releases to offenders serving less than two years in prison<sup>22</sup>.

### Correctional Departments

In Canada, as described earlier, the federal corrections department, called the Correctional Service of Canada is responsible for the rehabilitation and reintegration of inmates with sentence lengths larger than 2 years. In general, they account for about 9% of all sentenced inmates entering correctional facilities in Canada, and about 3% of all inmates entering remanded and/or sentenced custody in Canada.

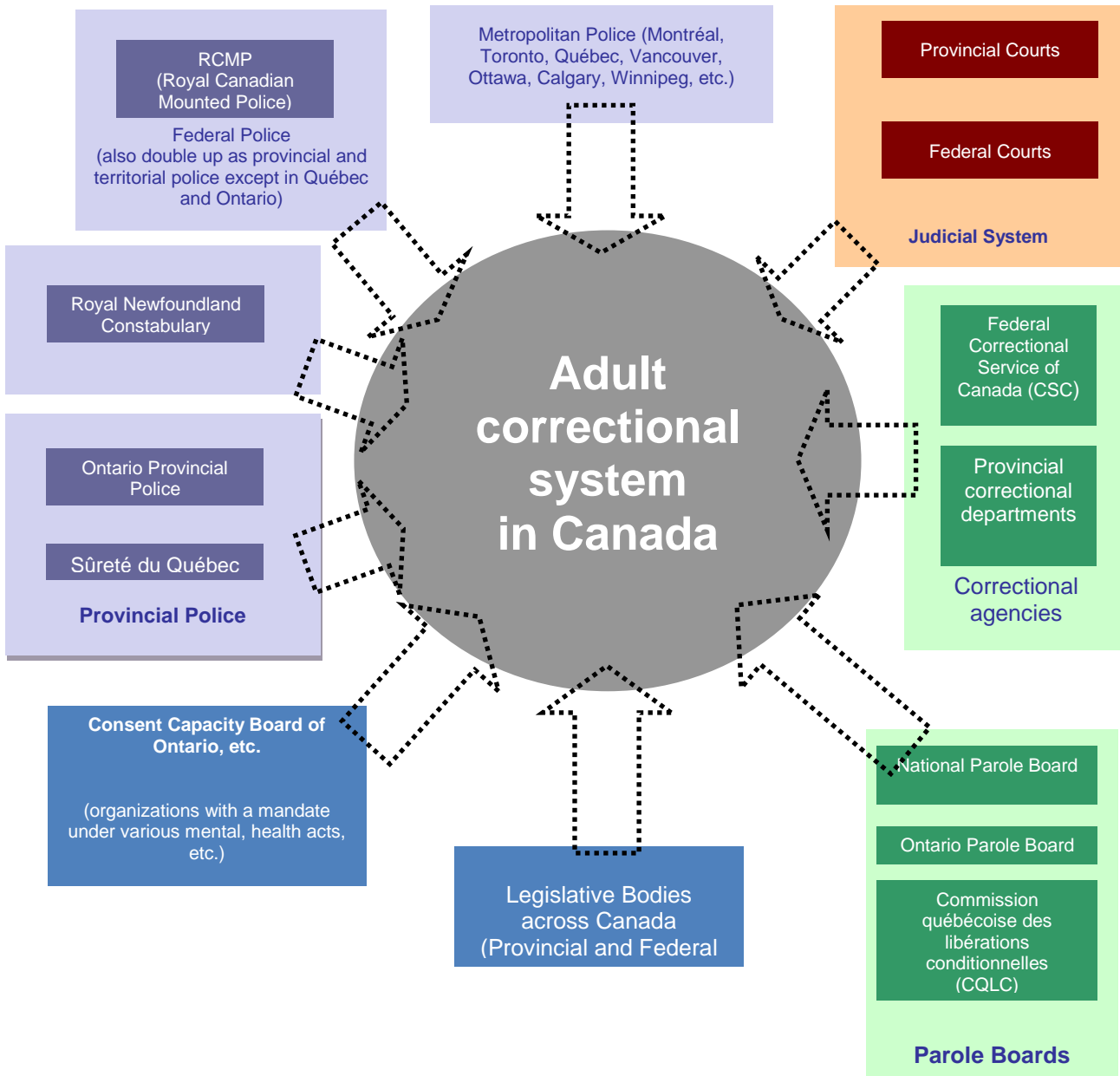
Provincial and territorial governments have their own correctional departments and agencies that are responsible for the funding and the mandate of those respective correctional departments.

### Legislative bodies in Canada (provincial, territorial legislative assemblies, House of Assembly, National Assembly, and federal Parliament)

Legislative bodies in Canada (for each of the provinces and territories) enact laws that serve as the frames of reference for the correctional system in Canada.

<sup>22</sup> National Parole Board: Mandate and Organization, <http://www.npb-cnrc.gc.ca/about/abt-eng.shtml>

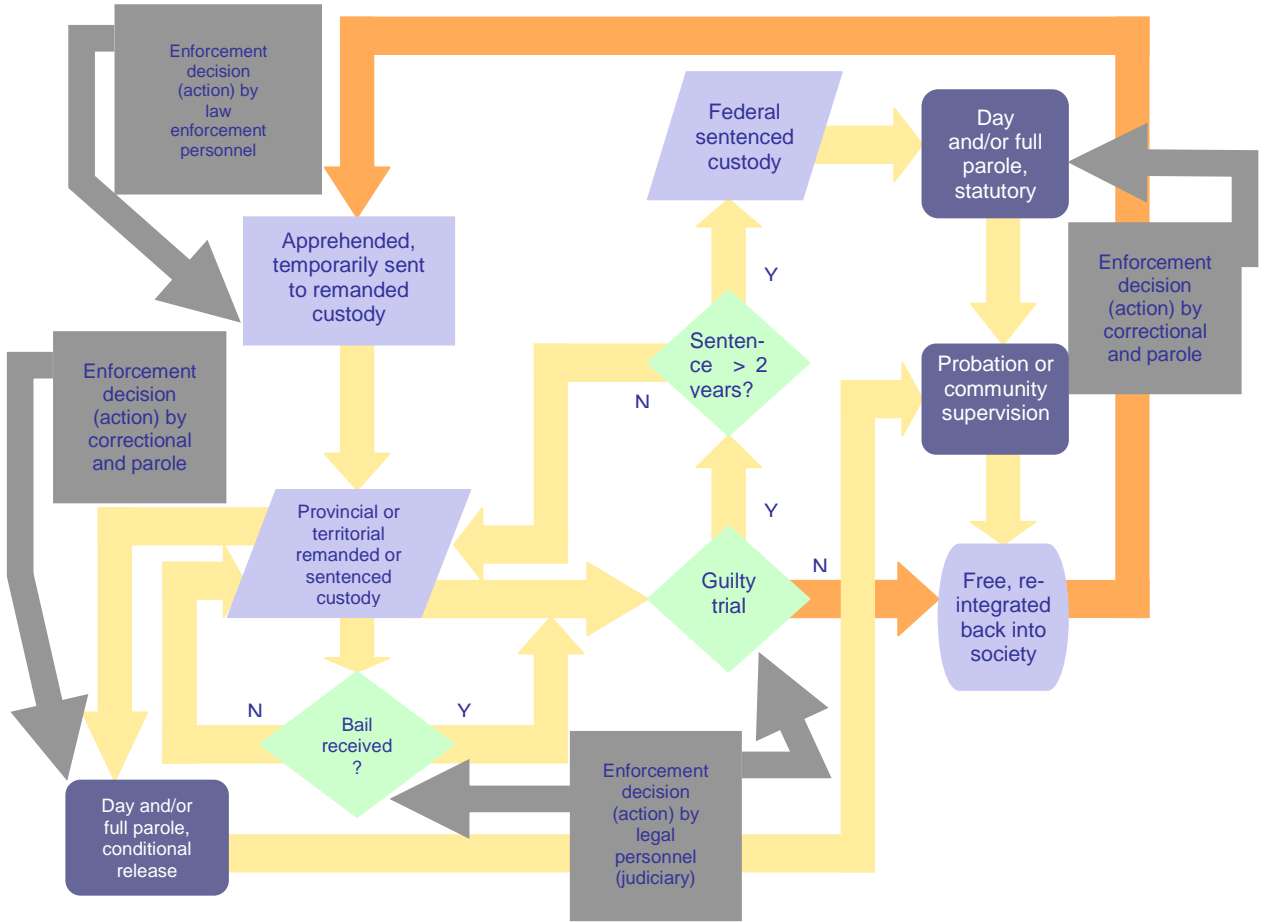
**Figure 7-B: Organizational Impact on the Adult Correctional Services in Canada**



### 7.1.2 Procedural Impact

Procedurally, Figure 7-C describes the flow of an individual through the correctional system. Note must be made of the fact that from apprehension to final release, the individual is exposed to multiple decision making bodies, each of which is likely to have an independent mandate, and funding source. Moreover, a single individual moving through the system is likely to trigger expenditure from multiple agencies and organizations, and eventually multiple fiscal impacts across Canada.

Figure 7-C: Procedural Impact on Adult Correctional Services in Canada



# 8

## 8. Addendum - Effect of the New “Truth in Sentencing Act”

From “*Bill C-25: Truth in Sentencing Act*” by Lyne Casavant and Dominique Valiquet, Legal and Legislative Affairs Division, Parliamentary Information and Research Service (PIRS), Library of Parliament<sup>23</sup>:

- In general, a judge may allow a *maximum credit of one day for each day spent in pre-sentencing custody* (“custody” in the bill) (clause 3 of the bill, new section 719(3) of the Code); and,
- However, if, and only if, the circumstances justify it, a judge may allow a *maximum credit of one and one-half days for each day spent in pre-sentencing custody* (clause 3 of the bill, new section 719(3.1) of the Code).

The effect of the “Truth in Sentencing Act” is best explained by three examples:

### Example 1

A person is charged and detained in remanded custody for 1 year (365 days), and then sentenced to a 2-year term in sentenced custody (730 days). If the 2:1 credit is applied to this situation, then the said person would get a credit of  $2 * 365 = 730$  days for time spent in remanded custody. In this scenario, the person is assumed to have fully served his/her sentence in sentenced custody, and may theoretically be released from the corrections system (However, the said person may have to spend time under community supervision after release).

### Example 2

A person is charged and detained in remanded custody for 1 year (365 days), and then sentenced to a 3-year term in sentenced custody (1,095 days). If the 2:1 credit is applied to this situation, then the said person would get a credit of  $2 * 365 = 730$  days for time spent in remanded custody. In this scenario, the person is assumed to have served 730 days in sentenced custody, and will have to spend  $1,095 - 730 = 365$  days in sentenced custody. Given the fact that traditionally, persons sentenced to a sentence of *two years less one day* are sent to a provincial corrections facility, and persons receiving a sentence *larger than*

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<sup>23</sup> “*Bill C-25: Truth in Sentencing Act*”, Lyne Casavant and Dominique Valiquet, Legal and Legislative Affairs Division, Parliamentary Information and Research Service (PIRS), Library of Parliament, April 24, 2009, <http://www2.parl.gc.ca/Content/LOP/LegislativeSummaries/40/2/c25-e.pdf>

*two years* are sent to a federal corrections facility, the said person will have to spend 365 days, or 1 year, in a provincial corrections facility.

### Example 3

A person is charged and detained in remanded custody for 365 days, and then sentenced to a 5-year term in sentenced custody (1,825 days). If the 2:1 credit is applied to this situation, then the said person would get a credit of  $2 * 365 = 730$  days for time spent in remanded custody. In this scenario, the person is assumed to have served 730 days in sentenced custody, and will have to spend  $1,825 - 730 = 1,095$  days in sentenced custody. Given the fact that traditionally, persons sentenced to a sentence of *two years less one day* are sent to a provincial corrections facility, and persons receiving a sentence *larger than two years* are sent to a federal corrections facility, the said person will have to spend 1,095 days, or 3 years, in a federal corrections facility.

The present "Truth in Sentencing Act" received Royal Assent on the October 22, 2009, according to the Statutes of Canada 2009, c.29.

From the Legislative Summary from the Library of Parliament on "Truth in Sentencing Act"<sup>24</sup>: "*The bill amends the Criminal Code (the Code) to limit the credit a judge may allow for any time spent in pre-sentencing custody in order to reduce the punishment to be imposed at the sentencing, commonly called "credit for time served"*". Thus persons sentenced to serve time in sentenced custody would no longer be able to benefit from the 2:1 to 1:1 credit for time served in pre-sentenced custody.

The effect of the credit is best exemplified by re-stating the three previously used examples (we will use a credit of only 1:1 in the following scenarios, **given the effect of the "Truth in Sentencing Act"**):

### Example 1

A person is charged and detained in remanded custody for 1 year (365 days), and then sentenced to a 2-year term in sentenced custody (730 days). If a 1:1 credit is applied to this situation, then the said person would get a credit of  $1 * 365 = 365$  days for time spent in remanded custody. In this scenario, the person is assumed to have served 365 days in sentenced custody, and will have to spend  $730 - 365 = 365$  days in sentenced custody. Given the fact that traditionally, persons sentenced to a sentence of *two years less one day* are sent to a provincial corrections facility, and persons receiving a sentence *larger than two years* are sent to a federal corrections facility, the said person will have to spend 365 days, or 1 year, in a provincial corrections facility.

### Example 2

A person is charged and detained in remanded custody for 1 year (365 days), and then sentenced to a 3-year term in sentenced custody (1,095 days). If a 1:1 credit is applied to this situation, then the said person would get a credit of  $1 * 365 = 365$  days for time spent in remanded custody. In this scenario, the person is assumed to have served 365 days in sentenced custody, and will have to spend  $1,095 - 365 = 730$  days in sentenced custody. Given the fact that traditionally, persons sentenced to a sentence of *two years less one day* are sent to a provincial corrections facility, and persons receiving a sentence *larger than two years* are sent to a federal corrections facility, the said person will have to spend 730 days, or 2 years, in a federal corrections facility.

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<sup>24</sup> "Criminal Code of Canada", R.S.C. 1985, c. C-46, Part XXIII, "Sentencing Interpretation", section 716, [http://www.canlii.org/en/ca/laws/stat/rsc-1985-c-c-46/76727/rsc-1985-c-c-46.html#PART\\_XXIII\\_SENTENCING\\_3977649](http://www.canlii.org/en/ca/laws/stat/rsc-1985-c-c-46/76727/rsc-1985-c-c-46.html#PART_XXIII_SENTENCING_3977649)

Example 3

A person is charged and detained in remanded custody for 365 days, and then sentenced to a 5-year term in sentenced custody (1,825 days). If a 1:1 credit is applied to this situation, then the said person would get a credit of  $1 * 365 = 365$  days for time spent in remanded custody. In this scenario, the person is assumed to have served 365 days in sentenced custody, and will have to spend  $1,825 - 365 = 1,460$  days in sentenced custody. Given the fact that traditionally, persons sentenced to a sentence of *two years less one day* are sent to a provincial corrections facility, and persons receiving a sentence *larger than two years* are sent to a federal corrections facility, the said person will have to spend 1,460 days, or 4 years, in a federal corrections facility.

To summarize, for a person who spends 365 days, or one year, in pre-sentenced custody, the effect of the “Truth in Sentencing Act” would result in the following changes:

1. if the person is sentenced to a 2 year term, the effect of “Truth in Sentencing Act” would now increase provincial sentenced inmate count by 1, and increase the time spent by that inmate in sentenced custody by 365 days;
2. if the person is sentenced to a 3 year term, the effect of “Truth in Sentencing Act” would decrease provincial sentenced inmate count of by 1, increase federal sentenced inmate count by 1, decrease the time spent by that inmate in provincial sentenced custody by 365 days, and increase the time spent by that inmate in federal sentenced custody by 730 days; and,
3. if the person is sentenced to a 5 year term, the effect of “Truth in Sentencing Act” would not change provincial sentenced inmate count; would not change federal sentenced inmate count, but increase the time spent by that inmate in sentenced federal custody by 365 days.

**Table 8-A: “Truth in Sentencing Act” Impact on Sentencing Lengths and Destinations**

Length of stay in remand (yrs)	Length of sentence (yrs)	2:1 credit applied (prior to “Truth in Sentencing Act”)		1:1 credit applied (after “Truth in Sentencing Act” enacted)	
		Provincial corrections impact (days)	Federal corrections impact (days)	Provincial corrections impact (days)	Federal corrections impact (days)
1	2	0	0	365	0
1	3	365	0	0	730
1	5	0	1095	0	1,460

**Table 8-B: “Truth in Sentencing Act” Impact on Headcounts and Lengths of Incarceration**

Length of stay in remand (yrs)	Length of sentence (yrs)	Inmate count change due to “Truth in Sentencing Act” (1:1 credit applied after “Truth in Sentencing Act” enacted)		Inmate time change due to “Truth in Sentencing Act” (1:1 credit applied after “Truth in Sentencing Act” enacted)	
		Provincial corrections	Federal corrections	Provincial corrections	Federal corrections
1	2	+1	0	+365	0
1	3	-1	+1	-365	+730
1	5	0	0	0	+365



# 9

## 9. Addendum - PBO Methodology

The objective of this section is to describe the methodology developed by the PBO to estimate the financial impact of the "Truth in Sentencing Act". In order to determine the financial impact, it is important to understand the types of costs involved, the cost drivers, and the impact of these costs on the jurisdictions that bear them.

Total financial impact arising from the "Truth in Sentencing Act" is the sum of the following:

- a. **New construction costs**, which consist of expenditures **required to be reserved**, for the construction of **new federal and provincial/territorial** correctional facilities to meet the projected demand;
- b. **Annual lifecycle capital expenditures**, which consist of
  - i. Increased expenditures for capital asset replacement for **federal and provincial/territorial** correctional facilities, as determined by the PBO financial model, after **the new correctional facilities have been operationalized**;
  - ii. Increased **annual re-capitalization expenditures** required to ensure that the existing federal and provincial/territorial correctional infrastructure will *indeed be useable until the end of its useful life as determined by engineering estimates*; and,
- c. **Annual lifecycle operating and maintenance expenditures** for federal and provincial/territorial correctional infrastructure.

The table below discusses each of the above mentioned expenditure categories and their associated cost drivers, and relevant methodology for capital budgeting purposes.

## 9.1 Financial Impact

Table 9-A: PBO Methodology

Impact category	PBO methodology	Cost determinants and cost drivers
New construction costs	The funding for new construction costs consists of required funding for building new correctional facilities for the demand for the target FY2015-16 year <sup>25</sup> . The funds are allocated uniformly and annually on a percentage of completion basis, into a provisional sinking fund to be used for expenditures on the construction of new correctional facilities	<p>Cost drivers for the new construction costs consist of:</p> <ul style="list-style-type: none"> <li>• Projected arrival rates of remanded and sentenced inmates into provincial/territorial correctional facilities, and sentenced inmates into federal correctional facilities. The PBO methodology for the projection of the arrival rates and the headcounts has been the use of a simple linear regression over time, for the respective projections.</li> <li>• Projected average daily headcounts in provincial/territorial and federal correctional facilities, which are determined by:               <ol style="list-style-type: none"> <li>1. the amount of time inmates will spend in provincial and federal remanded and sentenced custody;</li> <li>2. security profile of incoming sentenced inmates (classified into low, medium and high security classifications);</li> <li>3. proportion of sentenced population that will likely be granted parole, probation or be released into community supervision; and,</li> <li>4. occupancy rates at correctional facilities.</li> </ol> </li> </ul>

<sup>25</sup> The PBO methodology uses FY2015-16 as the year in which the newly constructed correctional facilities would be made operational, which is a gap 5 fiscal years from now (FY2010-11) into the future. This 5-year projection is based on the amount of time that CSC would need to build and construct new facilities. The 5-year assumption is based on the past example of building new correctional facilities, as exemplified in the “*Creating Choices*” recommendation for the closure of the P4W, or the Kingston Penitentiary for Women, and the establishment of four regional facilities and an Aboriginal Healing Lodge, which was accepted by the GC in September 1990 (“*Regional Facilities for Women Offenders*”, <http://www.csc-scc.gc.ca/text/pblct/rht-drt/14-eng.shtml>) and “*Creating Choices, changing lives: The transformation of women’s corrections in Canada*”, <http://www.allbusiness.com/public-administration/justice-public-order/1117454-1.html>). According to CSC, these regional lodges first began operating in fall 1995, i.e. a **5-year gap**. “*The primary recommendation of Creating Choices, which was subsequently accepted by CSC, was the closure of P4W and the establishment of four regional facilities and an Aboriginal Healing Lodge. Regional Facilities first began opening in the fall of 1995 and are located in Kitchener, Ontario; Truro, Nova Scotia; Joliette, Quebec; and Edmonton, Alberta. The Aboriginal Healing Lodge is located on the Nekaneet land near Maple Creek Saskatchewan.*” (<http://www.csc-scc.gc.ca/text/pblct/rht-drt/14-eng.shtml>). Consequently, the PBO has used a 5-year timeframe for the construction of new correctional facilities.

		<ul style="list-style-type: none"> <li>• Whether correctional agencies decide to simply expand correctional capacity on existing facilities, or opt for completely new construction on newly acquired land.</li> <li>• Required cost of procurement and construction.</li> </ul>
Annual lifecycle capital expenditures <sup>26</sup>	<p>The funding for lifecycle capital expenditures fall under two different categories:</p> <ol style="list-style-type: none"> <li>1. <b>Expenditures for replacing and rebuilding existing correctional infrastructure:</b> These expenditures arise from allocating the replacement cost of the federal correctional facilities to fund the requirement arising from replacing and rebuilding the asset once its useful life expires.</li> <li>2. <b>Re-capitalization expenditures (also known as “capital renewal”):</b> These expenditures ensure that the existing correctional infrastructure is kept in working condition until the time the assets are replaced or rebuilt. Re-capitalization is inherently different from depreciation or from operating and maintenance expenditures.</li> </ol>	
Annual lifecycle operating and maintenance expenditures <sup>26</sup>	<p>Operating and maintenance expenditures include items such as janitorial work, general maintenance of facilities, utilities, water, employee salaries, overtime, residential and health services, PILT, rations, travel, etc.</p>	

## 9.2 Cost Determinants and Cost Drivers

The new construction cost component of the funding impact on account of the “Truth in Sentencing Act” is determined on account of the following:

- projected arrival rates into correctional facilities;
- projected average daily headcounts in correctional facilities;
- decision to expand capacity on existing facilities, or to opt for new construction; and,
- required cost of procurement and construction.

## 9.3 Projected Arrival Rates into Correctional Facilities

The primary occupancy pressure and cost driver for correctional facilities is the arrival rate of remanded and sentenced inmates into provincial/territorial and federal custody. The net inflow into correctional facilities determines the daily operational strategies for occupancy and managing the rehabilitation and reintegration of the offending population back into society, as determined in accordance with the CCRA<sup>27</sup>.

The rate of inflow of inmates, whether remanded, or sentenced, into correctional facilities across Canada depends upon a multitude of drivers. The PBO has however not yet uncovered the exact causal relationships and empirical data to support various

<sup>26</sup> For more details, please refer to “*The Funding Requirement for First Nations Schools in Canada*”, by Ashutosh Rajekar and Ramnarayanan Mathilakath, May 25, 2009, section 7.1, page 26, [http://www2.parl.gc.ca/sites/pbo-dpb/documents/INAC\\_Final\\_EN.pdf](http://www2.parl.gc.ca/sites/pbo-dpb/documents/INAC_Final_EN.pdf)

<sup>27</sup> “*Corrections and Conditional Release Act (1992, c. 20)*”, <http://laws.justice.gc.ca/PDF/Statute/C/C-44.6.pdf>

hypotheses that are used in Canada and other jurisdictions for the projection of the inmate inflow rates and headcounts. Moreover, the PBO has investigated different options for projecting the future inflow and headcounts. One relates to using an average annual rate of increase over time, and another relates to assuming the future inflow and headcounts to be a proportion of the projected Canadian population. The PBO has chosen to adopt a simple linear regression over a period of time to project the inflow rates of the remanded and sentenced provincial inmates and sentenced federal inmates, provincial inmates on “other status”, and the headcounts, as the best possible alternative solution, given the relative conservativeness of the outputs as generated by this method.

### **9.3.1 Projected Average Daily Headcounts in Correctional Facilities**

A translation of the inflow rates and the sentence lengths received by the incoming inmates generates an important cost driver – the daily average headcount. The range of probable headcounts is the final determinant in an operations management exercise. This will determine the operational strategy regarding the housing of inmates in correctional facilities. This driver is, in turn, based on the following determinants:

#### *The length of custodial stay in remanded or sentenced custody*

The length of the custodial stay determines how long an inmate will be held in correctional custody.

While the length of the sentence is the primary determinant for the length of the stay of an inmate in sentenced custody, it eventually depends on several other drivers:

- credit received for time served in remanded custody
- eligibility for day parole;
- eligibility for full parole;
- probation;
- community supervision; and,
- statutory release and conditional release, etc.

Predominantly, the complexity of the case and the ability of the judicial system to pronounce a verdict will determine the length of the stay of an inmate in remanded custody.

#### *Security profile of incoming sentenced inmates*

The security profile of an inmate determines the destination corrections facility to house the individual. This, in turn determines the occupancy ratios and specific demand pressures created in each type of security facility. All federal and provincial/territorial corrections facilities are categorized into an equivalent of the low, medium, high and multi-level security classification used by the federal facilities.

#### *Rate of grant of parole, probation and release into community supervision*

As explained in a section earlier, the actual amount of time spent by sentenced inmates depends on a variety of factors, which include credits for time spent in remanded custody, and post-sentencing credit options such as parole (day and full), probation, community release, statutory release, and community supervision. The rate of grant of the post-sentencing credits also determines the total amount of time an inmate will physically spend in sentenced custody.

#### *Occupancy rates at correctional facilities*

Existing occupancy rates, juxtaposed with projected future average headcounts gives a demand-supply gap that needs to be handled with operational strategies. Each incoming or outgoing inmate has an impact on the occupancy rate. The occupancy rate is addressed by several strategies, and governed by several rules, regulations and laws,

both local and international. Operational strategies involving the determination, placement, and selection of beds and cells, segregation facilities also have a huge impact on the occupancy rates at correctional facilities.

### **9.3.2 Decision to Expand Capacity on Existing Facilities, or Opt for New Construction**

An important cost driver in capital budgeting is the decision on whether to build new capacity on existing land adjacent to existing institutions, or to build completely new equivalent facilities on newly acquired land. Building on existing land via extensions to existing installations is more cost effective since it does not involve land claims, zoning, site development, legal, economy-of-scale, proximity to existing facilities and resources, and other costs, and other issues such as resistance from local population, proximity to important services, utilities, etc.

### **9.3.3 Required Cost of Procurement and Construction**

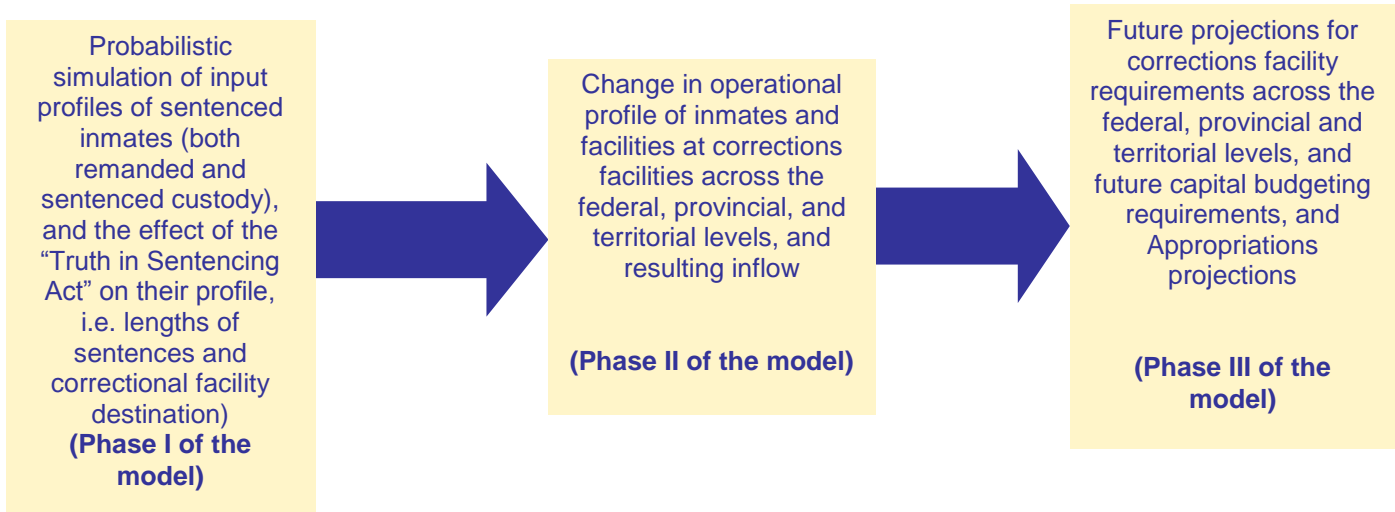
The cost of constructing new facilities at today's market rates is an important cost driver that determines the required new construction costs for each type of low, medium, high and multi-level security facilities.

10

## 10. Addendum - PBO’s Simulation Financial Model

As explained earlier, to determine the costs under the three categories, the proposed PBO simulation financial model consists of three distinct and interlinked phases, as shown in Figure 10-A.

**Figure 10-A: PBO Financial Model**



1. Phase I deals with the changing nature of the profile of the inmates, as qualified by the lengths of sentences and calculated credits, and the destination facility determination based upon their security classification and whether the length of their term exceeds 2 years or not (if it exceeds they are sent to federal sentenced custody, otherwise they are sent to provincial/territorial sentenced custody). Remanded individuals are always housed in provincial/territorial custody.
2. Phase II deals with the operational inflows of inmates into the respective provincial, territorial and federal correctional facilities, juxtaposed with the operational management practices, occupancy ratios, and credits granted during sentenced custody such as statutory release, conditional release, day parole, full parole, probation, community supervision, etc.

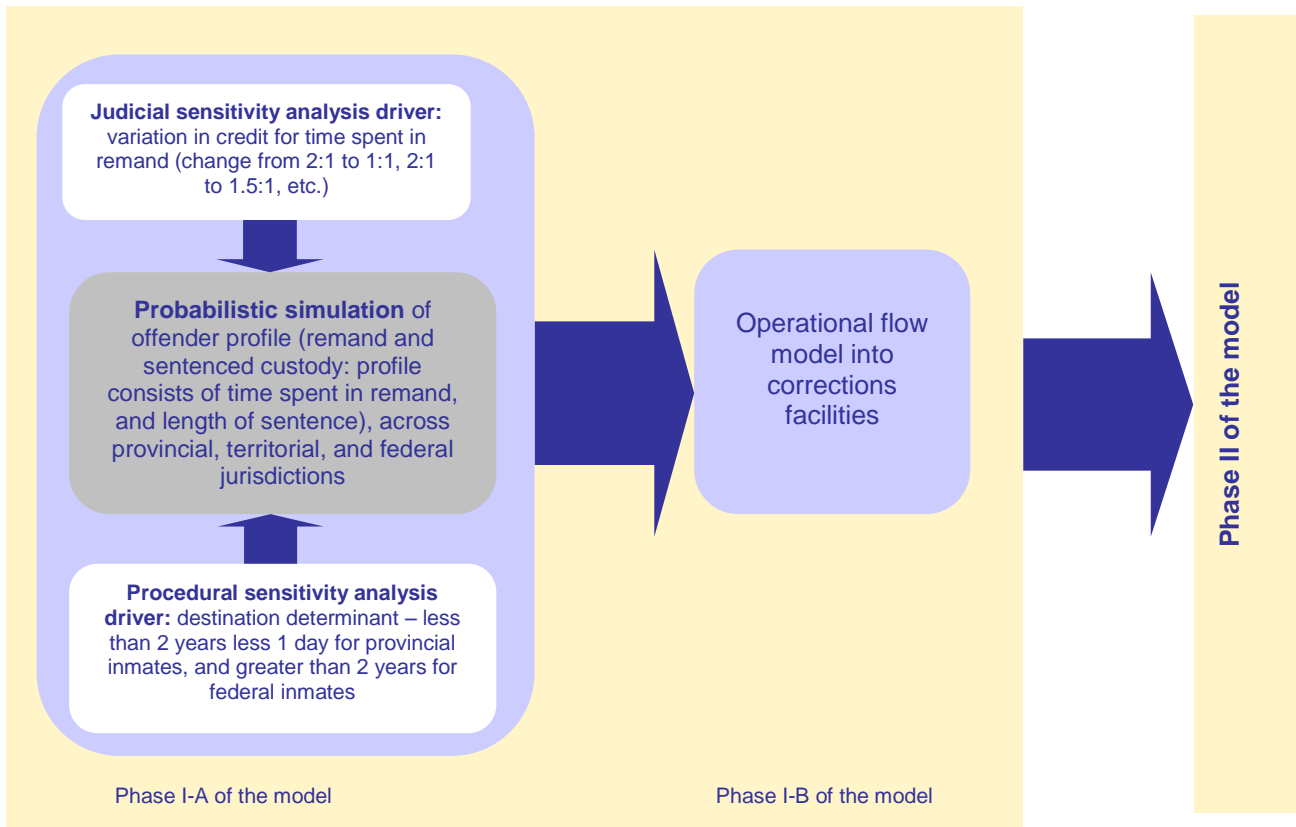
3. Phase III of the PBO’s proposed financial model determines the projected capacity requirements, based on the target fiscal year’s projected headcounts, split into their respective security classifications. This phase also projects the new construction cost expenditures required TODAY, based on new construction cost estimates for respective security classifications, and also calculates the increase in ongoing life-cycle costs stemming from recapitalization, capital asset replacement, and operations and maintenance expenditures required once the new correctional facilities are constructed.

The PBO model projects the above-mentioned costs for each of the jurisdictions, i.e. federal, and provincial/territorial. The final output of the PBO methodology is the result of the execution of the above three phases of the PBO model, which are simulations involving random probable draws from the incoming inmates, operational simulation of the inmates through the correctional facilities, and probabilistic simulations of the projected number of facilities required to be constructed. The following sections will go through each phase of the model in detail.

### 10.1 Phase I of the PBO Model

**Phase I:** Profiles of offenders or charged individuals, whether on remand or sentenced custody, and the effect of the “Truth in Sentencing Act” and other criteria on their profiles and corrections facility destinations.

**Figure 10-B: Phase I of the PBO Financial Model**



As depicted in Figure 10-B, the Phase I of the model is divided into two distinct phases.

- Phase I-A consists of the core component of the profile of the remanded and sentenced individuals. The profile of the inmates consists of the length of the sentences received, the times spent in remanded custody prior to entering sentenced custody, and the length of time spent in sentenced custody. This length of the sentence is calculated using Little's Law of Queuing theory, (a mathematical proof).

John Little's theorem states that<sup>28</sup>:

- if  $1/\lambda$  is the mean time between arrivals of two consecutive units (i.e.  $\lambda$  is the rate of arrival of units into the system);
- and  $L$  is the mean number of units in the system;
- and  $W$  is the expected mean time spent by a unit in the system, then
$$L = \lambda * W, \text{ or } W = L / \lambda$$

i.e. the expected mean time spent by a unit in the system is equal to the mean number of units in the system / the rate of arrival of units;
- the behavior of the Little's Law is entirely independent of the probability distribution underlying any of the components of the law;
- it requires no assumptions about the schedule according to which units arrive or are serviced; and,
- the only requirement is that the system is stable and non-preemptive i.e. it is not in initial startup or shutdown state.

The PBO model makes extensive use of Little's Law to calculate the average times spent in remanded and sentenced custody in provincial, territorial and federal custody.

Example of Little's Law: in FY2007-08:

- Mean sentenced provincial in-count ( $L$ ): 10,138
  - Annual provincial incoming sentenced rate ( $\lambda$ ): 105,147
- Thus, mean time spent in sentenced provincial custody ( $W$ ), in years
- $$= L / \lambda$$
- $$= 10,138 / 105,147$$
- $$= 0.10 \text{ years}$$
- $$= 5.0 \text{ weeks}$$

After calculating the average times spent in remanded and sentenced custody, the Phase I-A of the model then creates random draws from this profile built around the possible inmate profiles, and adjusts the average time to be spent in sentenced custody, with the change in law as proposed by the "Truth in Sentencing Act". The resulting sample of inmates is now the new profile of inmates, adjusted in accordance with the "Truth in Sentencing Act". This sample is also split accordingly into those that will enter provincial sentenced custody (with sentence lengths less than 2 years), and those that will enter federal sentenced custody (with sentence lengths more than 2 years).

For a detailed example of the implementation of the law on the profile of inmates, please refer to section 8 entitled "Addendum - Effect of the New "Truth in Sentencing Act"" on page 38.

The resulting sample of inmates is then re-converted into average daily headcounts by applying reverse Little's Law to the incoming arrival rates, into Phase I-B of the model.

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<sup>28</sup> "A Proof for the Queuing Formula:  $L = \lambda W$ ", by John D. C. Little, Case Institute of Technology, Cleveland, Ohio, in "Operations Research", Vol. 9, No. 3, (May – Jun 1961), pp.383-387, <http://www.jstor.org/stable/pdfplus/167570.pdf>



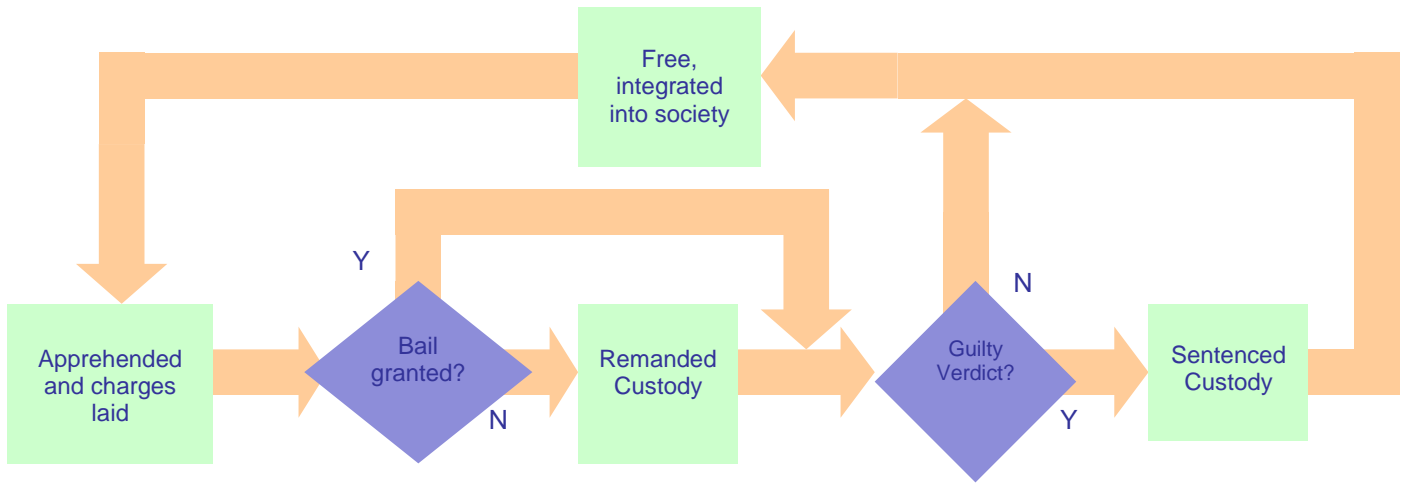
Note that the model makes no assumptions regarding any change in incoming arrival rates at this phase.

This new projected headcount is then sent as the input to the Phase II of the model.

*Probability of remand and probability of sentencing*

An issue that needs attention regarding the profile of the inmates that spend time in remanded and sentenced custody is the fact that bail is not granted to each individual which causes a stay in remand; and also that not every person denied bail is sentenced with a guilty verdict.

**Figure 10-C: Probability of Sentencing Flow**



From Figure 10-C, when an individual is apprehended, he or she may or may not receive bail before the trial. Consequently, at the time of the verdict, the individual may or may not have spent time in remanded custody, and after the guilty verdict, that person may or may not be sent to sentenced custody.

In other words,

*“Not everybody that is denied bail is found guilty and sent to sentenced custody, i.e. not everybody who spends time in remanded custody will eventually spend time in sentenced custody”.*

... and vice versa ...

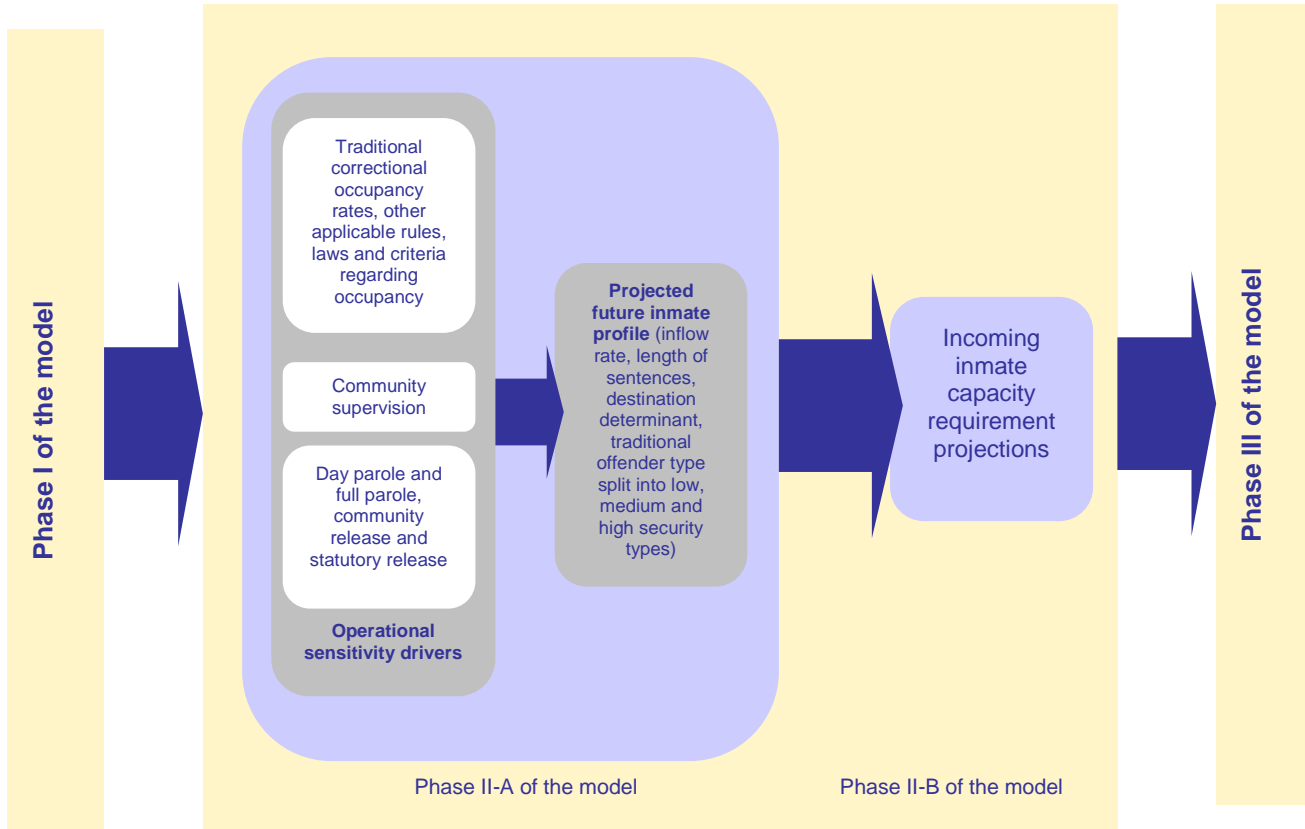
*“Not everybody that is sent to sentenced custody was denied bail, i.e. not everybody that spends time in sentenced custody has spent time in remanded custody”.*

This demonstrates the nuances in the flow of inmates into remanded and sentenced custody. The PBO model takes account of these factors.

## 10.2 Phase II of the PBO Model

**Phase II:** Change in the operations management at federal, provincial, and territorial corrections facilities.

**Figure 10-D: Phase II of the PBO Financial Model**



As shown in Figure 10-C, Phase II of the model inserts the incoming inmate population in an operational context based on the available corrections facilities and available credits in sentenced custody, and classification of the inmates into the different security classifications.

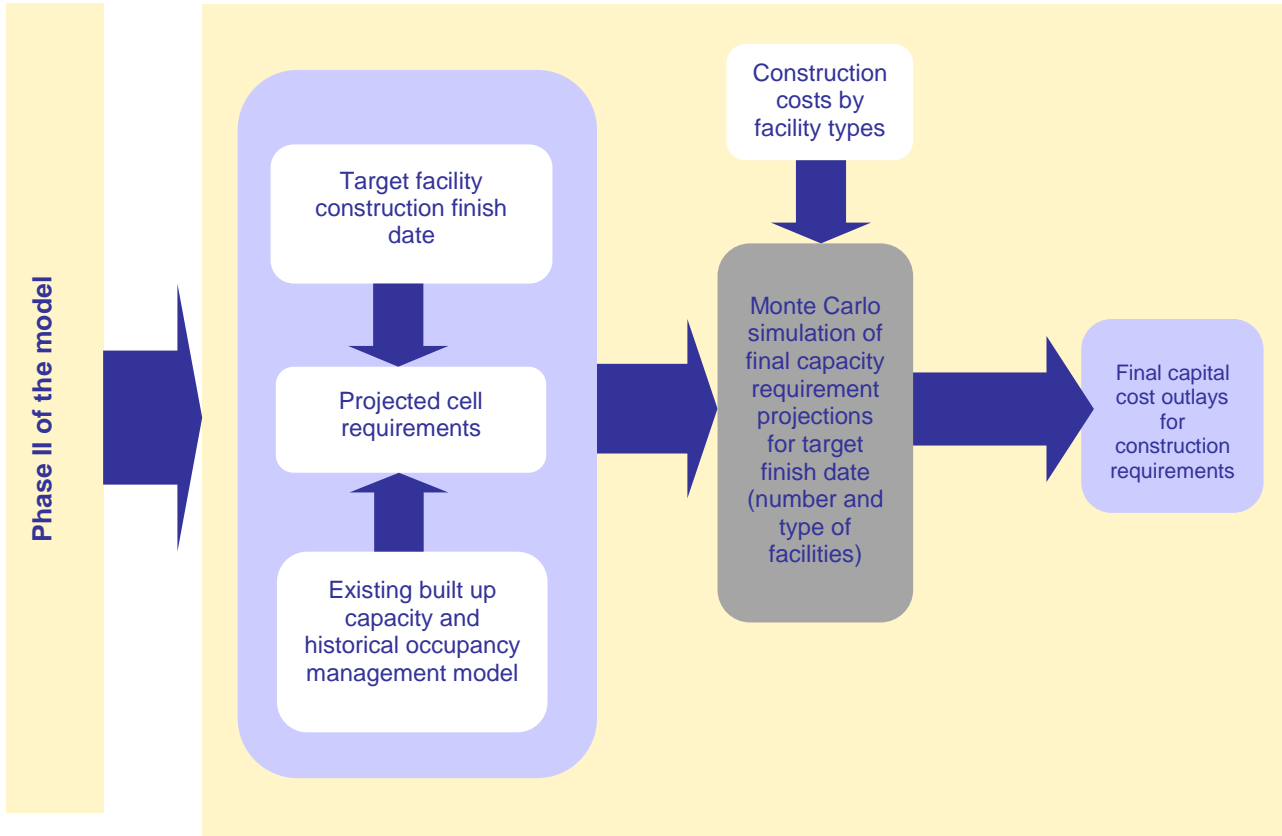
Specifically, in Phase II-A, the projected incoming population is split into the various security classifications based on existing trends. The classified population is also sensitized to the available credits applicable to those in sentenced custody, such as day parole, full parole, community release, statutory release, probation, community supervision, etc.

The final projected required capacities are then juxtaposed in Phase II-B with existing occupancy rates and available correctional facilities to arrive at the projected shortfalls in cells and beds for incoming inmates. The projected shortfalls then serve as the input into the Phase III of the PBO model.

### 10.3 Phase III of the PBO Model

**Phase III:** Change in the operations management at federal, provincial, and territorial corrections facilities.

**Figure 10-E: Phase III of the PBO Financial Model**



As shown in Figure 10-E Phase III is the capital budgeting part of the proposed PBO model, where the projected capacity requirements are juxtaposed with existing operational management strategies regarding occupancy and the available capacities, to arrive at random draws of the projected number of facilities to be constructed, split by type (low, medium, high and multi-level security type). The projected numbers of facilities are then used to compute the projected new construction cost expenditures required for the construction.

Subsequently, the increase in capital assets such as correctional facilities are then used to calculate the future lifecycle capital asset replacement, recapitalization, and operations and maintenance expenditures once the construction has finished and the new facilities are put into use.

### 10.4 Case Projections

The PBO makes the use of two cases for making the projections relating to the financial impact of “Truth in Sentencing Act”. These two cases are as described below:

- Case 1: Change of credit for time served in remanded custody from 2:1 to 1:1: This case deals with the change of credit for time served in remanded custody from a 2:1 (or a credit worth two days for each day served in remanded custody) to 1:1 (or a credit worth one day for each day served in remanded custody), according the terms of the "Truth in Sentencing Act"<sup>29</sup>.
- Case 2: Change of credit for time served in remanded custody from 2:1 to 1.5:1: This case deals with the change of credit for time served in remanded custody from a 2:1 (or a credit worth two days for each day served in remanded custody) to 1.5:1 (or a credit worth one and a half days for each day served in remanded custody), according the terms of the "Truth in Sentencing Act"<sup>29</sup>.

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<sup>29</sup> "Statutes of Canada 2009", Chapter 29, Second Session, Fortieth Parliament, 57-58 Elizabeth II, 2009, <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Docid=4172410&file=4>

# 11

## 11. Addendum - PBO Estimation of the Financial Impact of the “Truth in Sentencing Act”

### 11.1 Description of the Existing Correctional Facilities

This section details the existing and operational correctional facilities available across Canada to house remanded and sentenced inmates.

#### 11.1.1 Federal Correctional Facilities

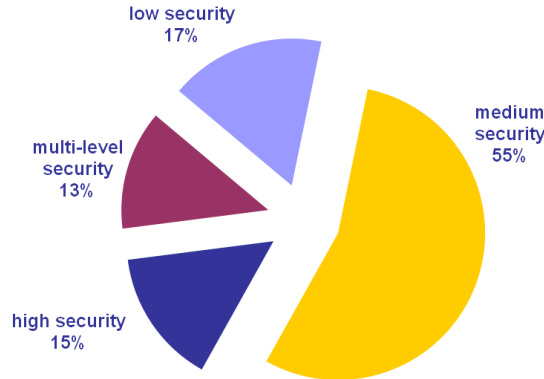
The federal correctional facilities house only sentenced inmates. They are primarily categorized into low, medium, high and multi-level security facilities.

As of the end of November 2009, there existed a total of 74 federal correctional facilities under the management of the Correctional Service of Canada (CSC).

Of these 74 facilities, 34 were classified as low security, 19 as medium security, 8 as high security, and 13 were classified as multi-level security facilities.

The total number of cells available in low security facilities was 2593, medium security was 8312, high security was 2251, and multi-level security was 1989 cells. Thus, low security facilities constituted 17%, medium security constituted 55%, high security constituted 15%, and multi-level security facilities constituted 13% of all CSC cells available, respectively. This is depicted the figure below.

**Figure 11-A: Federal CSC Cell Capacity by Security Type**



Source: Correctional Service of Canada (CSC)

The average size of low security facilities is 76 cells, medium security is 437 cells, high security is 281 cells, and multi-level security facilities is 153 cells.

The average occupancy ratio across all CSC facilities was 90%. The following table gives the occupancy ratio across the facilities of various security classifications.

**Table 11-A: Federal CSC Facility Statistics**

	Average federal facility size by number of cells (FY2009-10)	Occupancy ratio per cell (November 22, 2009)
Low security facilities	76	75%
Medium security facilities	437	91%
High security facilities	281	107%
Multi-level security facilities	153	66%

Source: Correctional Service of Canada (CSC)

The low security facilities had an occupancy ratio of 75%, medium security had 91%, high security had 107%, and multi-level security had 66% occupancy ratios.

## 11.2 Provincial and Territorial Correctional Facilities

Provincial/territorial corrections in Canada are responsible for offenders who receive custodial sentences of less than two years and federal inmates on Exchange of Service Agreements. In addition, they are responsible for housing remanded inmates awaiting trial. The dual responsibility for sentenced and remand inmates presents challenges in managing the inmate population. For example, sentenced and remand inmates have to be considered as separate and distinct populations for purposes of accommodation planning, programming, etc. Inmates may be held in provincial/territorial facilities for several reasons. The legal statuses of inmates include:

- serving regular provincial/territorial sentence;
- serving an intermittent sentence;
- on remand; and,
- “Other” category, which includes those on temporary detention, immigration holds, etc.

The definition of facility type in the provinces varies across jurisdictions. Generally, correctional centers or penitentiaries are used to accommodate the majority of sentenced inmates; jails and detention centers are used for shorter term and remanded inmates; and remand centers are reserved for inmates awaiting trial. Alternative minimum security facilities, such as camps, farms, day detention centers, treatment centers, and community residences, tend to be used for inmates who are at lower risk of causing disturbances or security incidents.

With the exception of Ontario and New Brunswick, which classified the largest proportion of their facilities as jail/detention centers, most other provinces/territories classified the largest proportion of their facilities as correctional centers.

### Capacities

Each jurisdiction defines security levels differently. However, generally speaking:

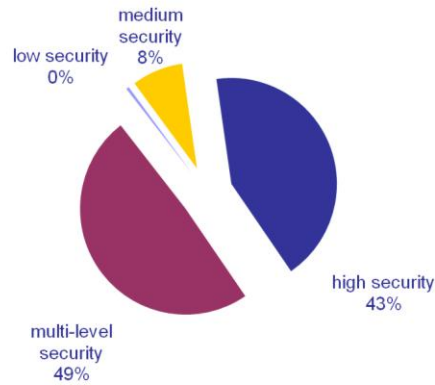
- "Maximum" security facilities normally use high security fencing around the perimeter of the facility and inmate movement is often highly restricted within the facility;
- "Medium" facilities also use fences around perimeters, however, security is lower, and inmate movement is somewhat less restricted;
- "Minimum" facilities normally do not use fences to enclose buildings and inmate movement is generally unrestricted during most periods (except night); and,
- "Multi-level" facilities combine features of two or more of the security levels defined above. Some facilities use the same buildings to accommodate inmates classified at different security levels, while others use separate structures for each security level. Multi-level security facilities may be enclosed by fences.

As of FY2009-10, 43% of the beds in provincial/territorial facilities were classified as maximum security and 49% were classified as multi-level security. Only 8% of beds in provincial/territorial facilities were classified as medium security, and almost 0% as minimum security. This is shown in Figure 11-B. Due to the fact that provinces and territories are responsible for housing remanded inmates, provincial/territorial facilities show differences in security levels compared to the federal. Remanded inmates, who are being held temporarily, are typically housed in maximum or multi-level security facilities.

**Table 11-B: Provincial Correctional Facility Statistics**

	Total number of centers (FY2009-10)	Total bed capacity (FY2009-10)
Low security	4	119
Medium security	23	2,094
High security	40	11,406
Multi-level security	47	13,092
Total	114	26,711
<b>Source: Provincial and territorial correctional departments</b>		

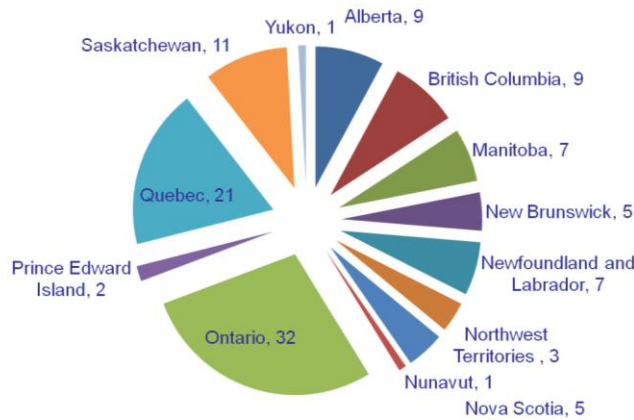
**Figure 11-B: Provincial/Territorial Bed Capacity Split**



Source: Provincial and territorial correctional departments

The total “operational capacity” (i.e., total number of permanent beds in all facilities) for the 114 provincial/territorial facilities in March 2010 was 26,711. The largest proportion of facilities and beds was in Ontario (9550 beds in 32 facilities, 36% of the total). In other jurisdictions, operational capacities ranged from 60 beds in Nunavut (less than 1% of total) to 5,640 beds in Quebec (21.1% of the total). Please refer to Figure 11-C.

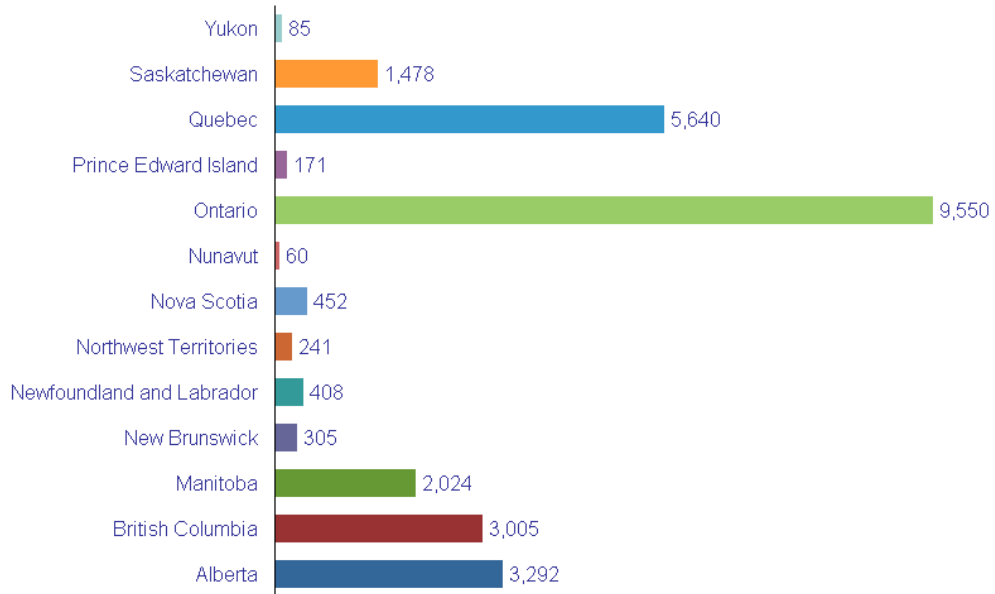
**Figure 11-C: Provincial/Territorial Bed Capacity and Facility Locations Across Provinces and Territories**



Source: Provincial and territorial correctional departments



**Total existing provincial bed capacity (FY2009-10)**



**Source: Provincial and Territorial correctional departments**

**11.3 Calculation of Phase I Outputs**

The outputs from Phase I of the PBO model pertain to the projection of future average headcounts. The projection of the future average headcounts involves the following:

- projection of future incoming rates;
- projection of future headcounts as-is (on a status quo basis);
- calculation of average times spent as-is;
- adjustment of average time to be spent with remanded time – i.e. the terms of the “Truth in Sentencing Act” (C-25); and,
- re-projecting average headcounts with new time to be spent.

Furthermore, in the context of the “Truth in Sentencing Act”, it involves distinct calculation regarding:

- increase in time spent in provincial sentenced custody, leading to increase in provincial headcounts;
- increase in time spent in federal sentenced custody, leading to increase in federal headcounts;
- return of remanded people who have traditionally been sent to community supervision directly back into provincial sentenced custody; and,
- movement of provincial sentenced inmates into federal facilities due to high amount of time served and reduction in credit due to the terms of the “Truth in Sentencing Act”.

**11.3.1 Projection of Future Incoming Rates**

The future incoming rates, i.e. the rate of arrival of both remanded and sentenced inmates into provincial, territorial and federal custody is calculated using a simple linear regression (a time trend). Note that the PBO has investigated different methods for projecting the future inflows and headcounts. One relates to using an average annual rate of growth in each data series to be used for projecting the future inflow and

headcounts. Another option relates to using the inflow and headcounts benchmarked against the Canadian population and the population forecast. The PBO's preferred option was to use simple linear regressions. They produce relatively conservative projections.

The table below displays the historical data regarding these factors.

**Table 11-C: Historical Inmate Inflow Rates and Headcounts**

Year	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08
Provincial institutions (incoming remand rate)	110,387	111,637	115,489	112,744	115,385	147,043	151,374	154,768
Provincial institutions (incoming sentenced rate)	66,069	67,991	68,948	64,750	62,388	88,273	85,371	85,748
Provincial institutions (incoming 'other status' rate)	24,901	26,197	26,538	27,990	26,146	16,649	16,694	19,399
Federal institutions (incoming sentenced rate)	7,722	7,381	7,693	7,571	7,959	8,260	8,638	8,618
Provincial institutions (daily remand headcount)	7,427	7,972	8,728	9,163	9,642	10,879	12,098	12,888
Provincial institutions (daily sentenced headcount)	10,978	10,956	10,621	9,863	9,832	9,618	9,978	9,750
Provincial institutions (daily 'other status' headcount)	416	334	337	342	346	332	337	388
Federal institutions (daily sentenced headcount)	12,642	12,639	12,602	12,379	12,301	12,582	12,935	13,304

Source: Canadian Centre for Justice Statistics (CCJS), Statistics Canada

A simple regression time trend of these individual series over time has been used to project the future inflows and headcounts, as shown below.

**Table 11-D: Projected Future Inmate Inflow Annual Rates and Headcounts**

Year	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Provincial institutions (incoming remand rate)	174,297	181,519	188,741	195,963	203,185	210,407
Provincial institutions (incoming sentenced rate)	95,379	98,716	102,052	105,389	108,725	112,062
Provincial institutions (incoming 'other status' rate)	13,969	12,570	11,170	9,771	8,372	6,972
Federal institutions (incoming sentenced rate)	9,114	9,288	9,462	9,637	9,811	9,985
Provincial institutions (daily remand headcount)	14,940	15,723	16,506	17,289	18,072	18,856
Provincial institutions (daily sentenced headcount)	8,921	8,724	8,528	8,331	8,134	7,937
Provincial institutions (daily 'other status' headcount)	339	337	335	332	330	328
Federal institutions (daily sentenced headcount)	13,135	13,206	13,277	13,349	13,420	13,491

### 11.3.2 Calculation of Average Times Spent (assuming no change in the law)

The following table gives the calculation of the future average times to be spent in provincial sentenced custody, using Little's Law:

**Table 11-E: Projection of Average Time to be Spent in Provincial Sentenced Custody**

(Projections)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Annual sentenced inflow rate	95,379	98,716	102,052	105,389	108,725	112,062
Average sentenced headcount	8,921	8,724	8,528	8,331	8,134	7,937
Average time spent in sentenced custody according to Little's Law (weeks)	4.9	4.6	4.3	4.1	3.9	3.7

The following table gives the calculation of the future average times to be spent in federal sentenced custody, using Little's Law:

**Table 11-F: Projection of Average Time to be Spent in Federal Sentenced Custody**

(Projections)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Annual sentenced inflow rate	9,114	9,288	9,462	9,637	9,811	9,985
Average sentenced headcount	13,135	13,206	13,277	13,349	13,420	13,491
Average time spent in sentenced custody according to Little's Law (weeks)	74.9	73.9	73.0	72.0	71.1	70.3

### 11.3.3 Adjustment of Average Time to be Spent in Sentenced Custody with Time Spent in Remanded Custody

The following table details the release data regarding all the releases for FY2007-08, and the subsequent destinations for these individuals, for the four provinces listed:

**Table 11-G: Statistical Release Data for Remanded Inmates and Subsequent Destinations for FY2007-08**

	Number of releases in FY2007/08	Subsequent status was federal custody	Subsequent status was p/t sentenced custody	Subsequent status was community/other	Involvement with corrections ends
NS	3086	5%	29%	23%	42%
NB	1921	7%	35%	17%	37%
ON	62416	2%	30%	20%	45%
SK	5684	3%	24%	35%	38%
TOTAL	73107	3%	30%	21%	44%
<b>Days in remand (prior to release)</b>					
Average		159	36	34	16
Median		69	16	11	4

Source: Canadian Centre for Justice Statistics (CCJS), Statistics Canada

The table outlines the total number of releases from provincial remanded custody for FY2007-08, and the subsequent destinations for the released individuals. Note that the PBO is in possession of only this table, with the specified parameters. No additional micro-data regarding any other province has been received by the PBO. Thus, of all individuals released from remanded custody in FY2007-08, for the four provinces listed:

- 44% were re-integrated directly into society, on account of no guilty verdict, or dropping of charges, etc.;
- 21% of the inmates were sent into community supervision, in lieu of sentenced custody. This includes all the inmates who received credit for time served, and would now be sent to sentenced custody after the "Truth in Sentencing Act" has been enacted;
- 30% of the individuals who spent on average 36 days in remanded custody ended up being sent to provincial sentenced custody; and,
- 3% of the individuals who were released from remanded custody were then sent to federal sentenced custody. These individuals had spent on average 159 days in remanded custody.

Due to the "Truth in Sentencing Act", there are three resulting impacts which will affect the destinations of the inmates who are released from remanded custody, assuming that the above data is representative for all the releases from remanded provincial and territorial custody.

1. Inmates who spent on average 36 days in provincial remanded custody and who eventually go into provincial sentenced custody, to spend, according to section 11.3.2, entitled *Calculation of Average Times Spent* on page 59, about 35 days or 5 weeks, will now have to spend an additional  $(2*36 - 1*36) = 36$  days or 5 weeks for a total of  $36 + 36 = 72$  days (2:1 to 1:1 case); or  $(2*36 - 1.5*36) = 18$  days or 2.5 weeks in provincial sentenced custody, for a total of  $36 + 18 = 54$  days (2:1 to 1.5:1 case) in provincial sentenced custody.
2. Inmates who spent on average 159 days in provincial remanded custody and who eventually go into federal sentenced custody, to spend, according to section 11.3.2, entitled *Calculation of Average Times Spent* on page 59, about 562 days or 80 weeks, will now have to spend an additional  $(2*159 - 1*159) = 159$  days or 23 weeks for a total of  $562 + 159 = 721$  days (2:1 to 1:1 case); or  $(2*159 - 1.5*159) = 80$  days or 12 weeks in provincial sentenced custody, for a total of  $562 + 80 = 642$  days (2:1 to 1.5:1 case) in federal sentenced custody.
3. Inmates who spent on average 34 days in provincial remanded custody, and who are eventually released directly into community supervision on account of credit received for time served in provincial remanded custody, who accounted for 21% of all releases from remand for FY2007-08 will now be sent to provincial sentenced custody to spend on average  $(2 - 1) * 34 = 34$  days or about 4.8 weeks. However, on account of provisions such as statutory release, community release, etc., they will spend a maximum of  $2/3^{\text{rd}}$  of their sentence, or  $4.8 * 2/3 = 3.2$  weeks in sentenced custody, and then released into community supervision (2:1 to 1:1 case). In the 2:1 to 1.5:1 case, they would be sentenced to  $(2 - 1.5) * 34 = 17$  days or 2.4 weeks, but spent only  $2.4 * 2/3 = 1.6$  weeks in sentenced custody on account of other credits received in sentenced custody such as statutory release or conditional release.

Note that the PBO assumes that the amounts of time spent in remanded custody are normally distributed, with the averages as specified in Table 11-. The average amount of time spent in remanded custody, and the median of the time spent in remanded custody differ, implying that the distribution is not normal, but is skewed. The PBO has opted to use a normal distribution for the purpose of projecting the average times spent in remanded custody due to its simplicity, ease of use, understandability, and moreover, because the assumption of a normal distribution does not materially impact either the average time spent in remanded custody, nor the total man-hours spent in remanded

custody, since the remaining components of the PBO model use Little's Law, which rely solely on using average cases. Using this distribution, the PBO model draws random samples from the remanded times, and adjusts the time spent in sentenced custody to re-project the average times to be spent in sentenced custody, on account of "Truth in Sentencing Act".

Based on the above adjustment on account of the terms of the "Truth in Sentencing Act", the PBO simulation produces random draws for the average daily headcounts, by the reverse application of Little's Law, as shown in the table below, for a sample fiscal year FY2015-16.

**Table 11-H: Future Projections for Headcounts in Remanded and Sentenced Custody, for FY2015-16**

FY2015-16	Remanded Provincial headcounts	Sentenced Provincial headcounts	Sentenced Federal headcounts
Projected figures prior to adjustment with the terms of "Truth in Sentencing Act" (as demonstrated earlier)	18,856	7,937	13,491
Random draws for the 2:1 to 1:1 case			
Draw #1	18,856	21,505	17,230
Draw #2	18,856	18,660	20,247
Draw #3	18,856	16,045	18,288
Draw #4	18,856	15,541	14,904
Draw #5	18,856	18,087	16,686
Draw #6	18,856	12,161	17,928
Draw #7	18,856	16,503	17,711

Note that the projection for the remanded provincial headcounts is not affected by the application of the terms of "Truth in Sentencing Act".

To explain Table 11-H more clearly, the projected inflow of sentenced provincial inmates for FY2015-16 was 112,062 (see Table 11-E/ Table 11-E), and as shown in Table 11-H, the average headcount was 7,937. Using Little's Law, one can determine that the average time spent by a sentenced inmate in provincial sentenced custody would be  $7,937 / 112,062 = 0.07$  years, or **3.68 weeks**. Now, due to "Truth in Sentencing Act", and assuming the 2:1 to 1:1 credit applied, this provincially sentenced inmate would need to spend, on average,  $(2 - 1) * 36 = 36$  days, or **5.1 weeks** in provincially sentenced custody. This would bring the total amount of time to be spent in provincial sentenced custody to  $3.68 + 5.1 = 8.8$  weeks, or **62 days**, or 0.17 years. Applying reverse Little's Law, when assuming the sentenced inmate inflow remains constant at 112,062 for FY2015-16, and using the new amount of time to be spent as 8.8 weeks or 0.17 years, the new projected headcount is  $= 112,062 * 0.17 = 19,021$  inmates. Thus, as demonstrated above, **the terms of the "Truth in Sentencing Act" would increase the average provincial headcount in FY2015-16, in this case from 7,937 to 19,021 sentenced inmates. The PBO simulation draws thousands of such samples to make thousands of projections for future headcounts for the target fiscal year, to arrive at the new headcounts, using Little's Law, for each of the remanded and sentenced provincial, and sentenced federal inmates.**

### 11.3.4 Movement of Provincial Sentenced Inmates into Federal Facilities due to “Truth in Sentencing Act”

This section deals with the probable movement of any provincial sentenced inmates into federal sentenced custody on account of the “Truth in Sentencing Act”. Given the fact that inmates who receive a sentence length of less than two years spend their sentenced time in provincial custody, whereas inmates who receive a sentence length of more than two years spend their sentenced time in federal custody, the “Truth in Sentencing Act” is likely to push certain inmates that have received sentence lengths that are closer to the two year mark into federal sentenced custody.

The movement of these inmates is achieved by a probabilistic simulation of sample inmates that spent their time in provincial sentenced custody in FY2007-2008, and also the time these inmates spent in remanded custody prior to that.

**Table 11-I: Frequency Distribution of Sentence Lengths for Provincial Sentenced Inmates for FY2007-08**

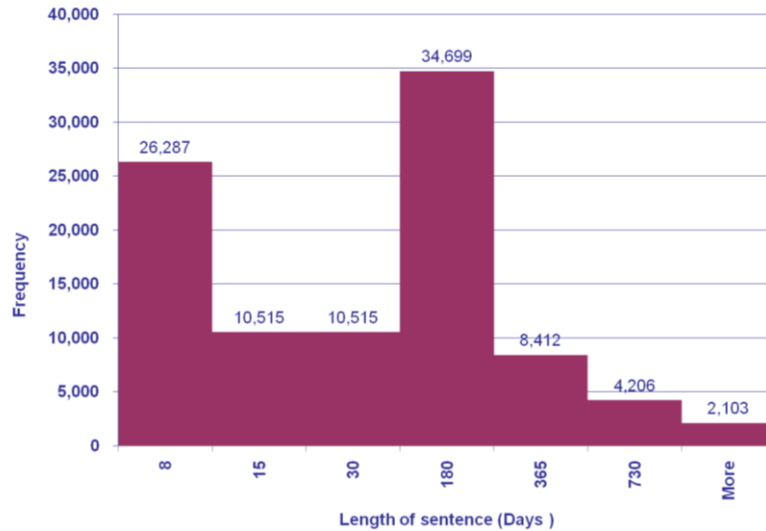
	Min	Avg	Max	2007/2008	2007/2008
Sentenced, custodial admissions				89%	85,748
Other status, custodial admissions				11%	19,399
Aggregate sentence length, less than 8 days	1	5	8	25%	26,287
Aggregate sentence length, 8 days and less than 15 days	8	12	15	10%	10,515
Aggregate sentence length, 15 days and less than 1 month	15	23	30	10%	10,515
Aggregate sentence length, 1 month and less than 6 months	30	105	180	33%	34,699
Aggregate sentence length, 6 months and less than 12 months	180	273	365	8%	8,412
Aggregate sentence length, 12 months and less than 24 months	365	548	730	4%	4,206
Aggregate sentence length, 2 years and over	730	N/A	N/A	2%	2,103
<b>Source: Canadian Centre for Justice Statistics (CCJS), Statistics Canada</b>					

Table 11-I shows the frequency histogram of all inmates in provincial sentenced custody for the FY2007-08, by the lengths of their sentences. A total of 85,748 + 19,399 = 105,147 inmates were admitted to provincial sentenced custody in FY2007-08. Of these:

- 25%, or 26,287 were sentenced to less than 8 days sentenced custody;
- 10%, or 10,515 were sentenced to between 8 days and 15 days sentenced custody;
- 10%, or 10,515 were sentenced to between 15 days and 1 month sentenced custody;
- 33%, or 34,699 were sentenced to between 1 month and 6 months sentenced custody;
- 8%, or 8,412 were sentenced to between 6 months and 12 months sentenced custody;
- 4%, or 4,206 were sentenced to between 12 months and 24 months sentenced custody; and,
- 2%, or 2,103 were sentenced to more than 2 years sentenced custody.

Figure 11-D depicts the frequency distribution of all provincial sentenced inmates for FY2007-08:

**Figure 11-D: Histogram of Sentence Lengths in Provincial Sentenced Custody  
FY 2007-08**



On careful observation, the above frequency distributions show that this accounts for only 92% of the total inmates, and this is due to the reporting adopted by Statistics Canada to account for intermittent sentences.

From the above table, it is clear that the 2%, or 2,103 individuals, who received sentence lengths of more than 2 years, would spill over into federal custody on account of "Truth in Sentencing Act". Thus, the PBO model determines how many inmates from the remaining provincial sentenced inmates would end up spilling over into federal sentenced custody, in addition to the 2% already identified.

The PBO Monte Carlo simulation to determine the spillover makes random draws from the sample profile of sentenced provincial inmates for FY2007-08, and adjusts their new times with the respective time spent in remanded custody, assuming normal distribution, and the terms of the "Truth in Sentencing Act".

Consequently, the PBO simulation projects that 0.48% of all cases with sentence lengths of less than 2 years spilled over from provincial to federal sentenced custody in the 2:1 to 1:1 case, and 0.23% of all cases spilled over from provincial to federal sentenced custody in the 2:1 to 1.5:1 case. This is in addition to the 2% of cases in provincial sentenced custody that are already serving sentences of lengths greater than 2 years.

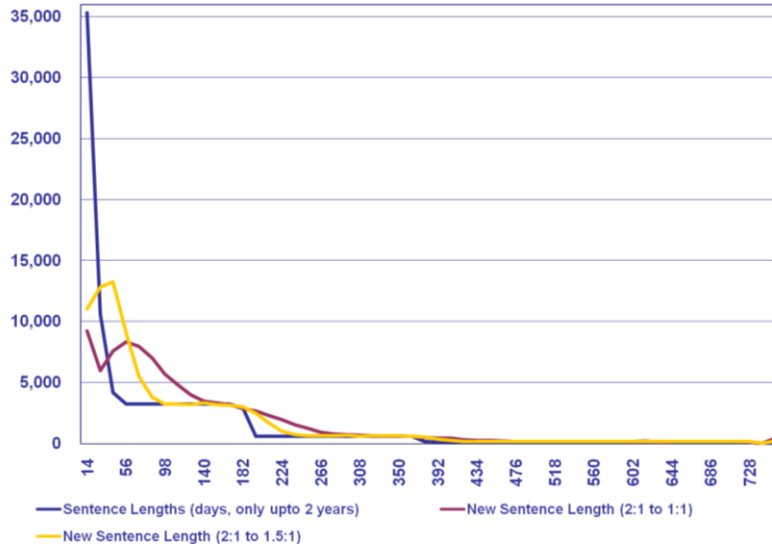
Thus, the total spillover from provincial sentenced custody into federal sentenced custody is  $2\% + 0.48\% = 2.48\%$  in the 2:1 to 1:1 case, and  $2\% + 0.23\% = 2.23\%$  in the 2:1 to 1.5:1 case.

**In other words, between 2.23% or 2.48% of all individuals who would normally have been sent to provincial sentenced custody, would now be sent to federal sentenced custody.**

**Note that the 2.23% or 2.48% of the provincially sentenced inmate count of FY2007-08 (which was 105,147), equals to 2,345 and 2,608 individuals respectively. Adding these individuals to the federal sentenced inmate count of FY2007-08 of 8618 would increase the federally sentenced inmate inflow by 27.2% to 30.3% respectively.**

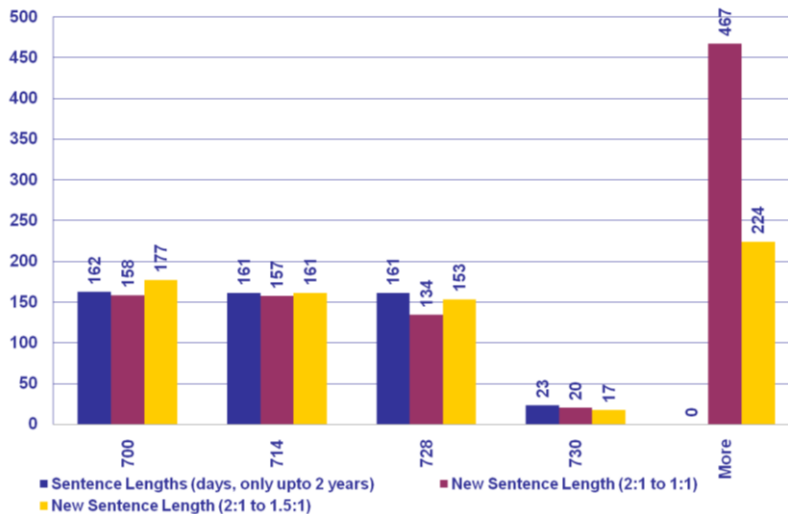
Figure 11-E plots the individual sentence lengths of the three cases, namely prior to "Truth in Sentencing Act", 2:1 to 1:1 and 2:1 to 1.5:1 case.

**Figure 11-E: Histogram of Actual Time Spent in Provincial Sentenced Custody (different cases)**



As can be seen from the chart above, the blue line depicts the sentences received by inmates prior to "Truth in Sentencing Act". The red one depicts the 2:1 to 1:1 case, whereas the yellow one depicts the 2:1 to 1.5:1 case. As can be seen, there is a significant rightward shift in the histogram, with the extreme right end of the plot showing an upward trend, quantifying the total number of individuals projected to move from provincial to federal sentenced custody. This is visible more clearly in the figure below.

**Figure 11-F: Histogram of Actual Time Spent in Provincial Sentenced Custody (different cases - tail details)**



As can be seen, the blue plot stops at 730 days, or 2 years. The red and the yellow plots continue beyond 730, depicting the total number of cases that correspond to the movement of inmates from provincial to federal sentenced custody.



## 11.4 Calculation of Phase II Outputs

This section deals with the traditional operational characteristics of correctional facilities across Canada, under the purview of the federal CSC and provincial correctional departments. Understanding this aspect is crucial to analyzing the impact of the future inflow of remanded and sentenced inmates into the facilities.

### 11.4.1 Federal Correctional Facilities

Federal correctional facilities are managed by the Correctional Service of Canada (CSC), and house sentenced inmates who are serving sentences of more than 2 years length.

#### Capacities

The total cell capacity at federal correctional facilities under the purview of CSC is given in the table below, for the years FY2000-01 and FY2009-10.

**Table 11-J: Federal Cell Capacity**

	Total cell capacity (FY2000-01)	Total cell capacity (FY2009-10)
Low security	2,551	2,593
Medium security	7,310	8,312
High security	1,881	2,251
Multi-level security	1,785	1,989
Total	13,527	15,145
<b>Source: Correctional Service of Canada</b>		

Thus, for FY2009-10, there were 2,593 low, 8,312 medium, 2,251 high and 1,989 multi security cells available at federal correctional facilities for occupancy by sentenced inmates.

Thus, 17% of all cells are classified as low, 55% as medium, 15% as high and 13% as multi security type.

The table below depicts the relative increase in the number of cells available by security type, over the nine-year FY2000-01 to FY2009-10 period.

**Table 11-K: Federal Cell Capacity Growth**

	Total cell capacity increase (FY2000-01 to FY2009-10)
Low security	2%
Medium security	14%
High security	20%
Multi-level security	11%
Total	12%
<b>Source: Correctional Service of Canada</b>	

Thus, the total capacity at CSC facilities has grown 12% over the last 9 years. Specifically, the total number of high security cells has increased 20%, medium 14% and multi-level 11%. By comparison, the table below shows the total number of correctional facilities under CSC management, categorized by type.

**Table 11-L: Federal Correctional Facilities**

	Total number of facilities (FY2000-01)	Total number of facilities (FY2009-10)
Low security	34	34
Medium security	20	19
High security	8	8
Multi-level security	8	13
Total	70	74

**Source: Correctional Service of Canada**

It shows that a total of 4 new facilities have been added to the CSC portfolio over the nine year period. However, note must be made of the fact that although the total number of medium security institutions have actually gone down from 20 to 19 over this period, the total number of medium cell capacity has increased by 14%. Similarly, while the total number of high security cells has increased by 20% over the last 9 years, the total number of facilities has actually remained constant at 8.

On the other hand, a total of  $13 - 8 = 5$  new multi-level security facilities have been added to the portfolio, which have increased cell counts by 11%.

*Occupancy management*

The table below depicts the occupancy management at CSC federal facilities. Namely, it shows the historical capacity in terms of number of cells to house inmates compared to the total number of sentenced inmates under CSC custody at that point in time.

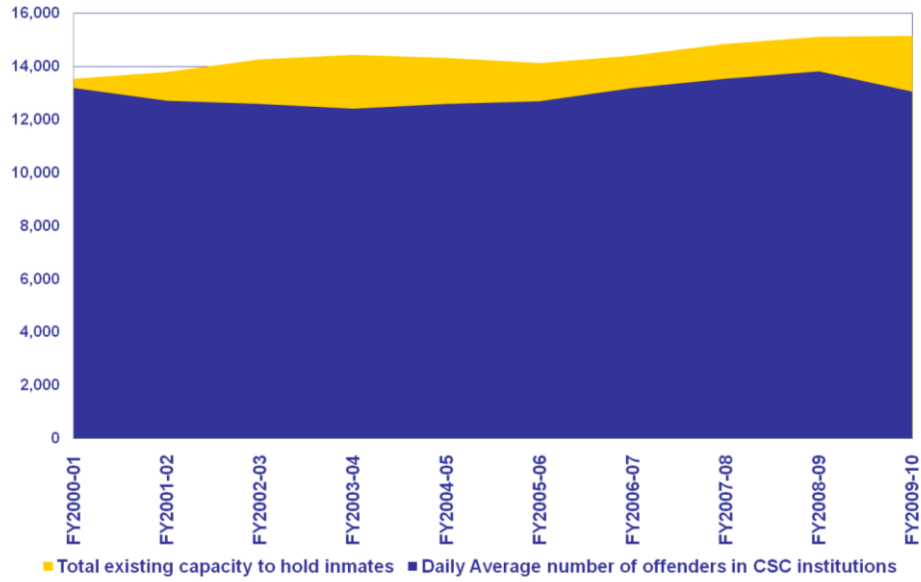
**Table 11-M: Historical Federal Occupancy Ratios**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Total existing capacity to hold inmates	13,527	13,786	14,262	14,432	14,317	14,121	14,402	14,846	15,110	15,145
Daily average number of offenders in CSC institutions	13,200	12,720	12,600	12,420	12,600	12,700	13,200	13,550	13,827	13,064
Calculated occupancy ratio	98%	92%	88%	86%	88%	90%	92%	91%	92%	87%

**Source: Correctional Service of Canada, and historical CSC DPRs**

Figure 11-G shows the historic occupancy level at federal CSC facilities. The occupancy ratio has hovered around the 90% mark, i.e. for every 10 cells available, 9 were occupied by inmates at any given point in time, on average. Thus, on first glance, it seems that CSC has a reserve buffer capacity of 10%.

**Figure 11-G: CSC Historical Cell Occupancy Ratios**



Yet, a breakdown into detailed facility occupancy ratios by security type reveals a different picture:

**Table 11-N: Historical Federal Occupancy Rates by Security Type**

	Total number of inmates (FY2009-10)	Total cell capacity (FY2009-10)	Calculated occupancy ratio (November 22, 2009)
Low security facilities	1950	2,593	75%
Medium security facilities	7552	8,312	91%
High security facilities	2408	2,251	107%
Multi-level security facilities	1306	1,989	66%

Source: Correctional Service of Canada

Thus, the low and multi-level security facilities, which are operating at occupancy ratios of 75% and 66% respectively, have a lot of operational buffer to manage the incoming inflow.

On the other hand, the high security facilities are currently operating at 107% occupancy. In other words, for every 107 inmates under CSC management, only 100 cells are available.

Furthermore, these statistics pertain to the overall portfolio of CSC facilities spread all across Canada. Regionally, there may be a larger skew of occupancy ratios – the occupancy issue may be more severe in certain parts of the country than others.

From a modeling perspective, the PBO has used the 90% occupancy ratio as the standard occupancy projection for future years for federal facilities, on recommendation

from the panelists<sup>30</sup>, which is an average occupancy ratio at CSC facilities for the last 9 years.

*Number of inmates incarcerated in facilities and those outside*

It is important to distinguish those sentenced inmates that are physically in CSC facilities, and those that are outside, since it has a direct impact on the financial costs arising from that inmate. Costs of holding the inmate physically within a corrections facility are significantly higher than monitoring that inmate in community or such<sup>31</sup>.

The table below shows the split between the total incarcerated federal population, divided into those that are physically inside CSC facilities, and those outside:

**Table 11-O: Federal Sentenced Inmate Breakdowns (numbers)**

		2006	2007	2008	2009
Within CSC facilities	Incarcerated	12,671	13,171	13,581	13,286
Outside CSC facilities	Total actively supervised	6,758	6,926	6,977	7,316
	Total temporarily detained	1,210	1,145	1,129	1,035

**Source: Public Safety Canada, in the Annual Corrections and Conditional Release Statistical Overview, for 2006, 2007, 2008 and 2009.**

**Table 11-P: Federal Sentenced Inmate Breakdowns (percent)**

		2006	2007	2008	2009
Within CSC facilities	Incarcerated	58%	59%	59%	58%
Outside CSC facilities	Total actively supervised	31%	31%	31%	32%
	Total temporarily detained	6%	5%	5%	5%

**Source: Public Safety Canada, in the Annual Corrections and Conditional Release Statistical Overview, for 2006, 2007, 2008 and 2009.**

As can be seen from Table 11-P, only about 58% to 59% of all sentenced individuals under CSC management are physically present in CSC facilities during the day. On account of those incarcerated and on day parole, this number rises by about 4% to 5% at night, to bring the total to about 63%, the maximum number of inmates that may be present physically in a CSC facility. The rest are under various stages of parole, or statutory release, or LTSO, or community supervision.

Based on the above criteria listed above, the future capacity requirements are projected. Note must be made of the fact that the flow algorithm tries to fill the existing facilities individually, by type, to the targeted 90% mark before projecting new build requirement.

## 11.5 Calculation of Phase III Outputs

### 11.5.1 Projection of New Cell/Bed Requirements into New Facilities

Based on the projected required cell/bed capacity and targeted occupancy ratio, the following tables determine the required number of facilities, based on the average sizes of the existing facilities, split by type, accommodating for the historical occupancy rates.

<sup>30</sup> BC Housing

<sup>31</sup> From historical Departmental Performance Reports of CSC

Note must be made of the fact that the figures shown in the tables above refer to sample draws from the probabilistic Monte Carlo simulation. To obtain the full distribution of possible values, **thousands of probable draws** from the distribution are required.

*Case 1: 2:1 to 1:1*

Federal case: The table below shows the required construction of new federal facilities by type, in the first case of reduction in credit from 2:1 to 1:1, for FY2015-16.

**Table 11-Q: Projected Federal Facility Requirements (2:1 to 1:1) (sample draws)**

Total projected additional facilities required (for FY2015-16)	Draw #1	Draw #2	Draw #3	Draw #4	Draw #5
Low security	1	2	2	2	3
Medium security	5	6	6	5	7
High security	4	4	3	4	5
Multi-level security	0	1	0	0	1
Total projected new facilities required	10	13	11	11	16

Provincial case: The table below shows the required construction of new provincial facilities by type, in the first case of reduction in credit from 2:1 to 1:1, for FY2015-16.

**Table 11-R: Projected Provincial Facility Requirements (2:1 to 1:1) (Sample Draws)**

Total projected additional facilities required (for FY2015-16)	Draw #1	Draw #2	Draw #3	Draw #4	Draw #5
Low security	1	1	1	1	1
Medium security	3	2	3	3	3
High security	20	14	24	20	22
Multi-level security	23	16	27	23	25
Total projected new facilities required	47	33	55	47	51

*Case 2: 2:1 to 1.5:1*

Federal case: The table below shows the required construction of new federal facilities by type, in the first case of reduction in credit from 2:1 to 1.5:1, for FY2015-16.

**Table 11-S: Projected Federal Facility Requirements (2:1 to 1.5:1) (Sample Draws)**

Total projected additional facilities required (for FY2015-16)	Draw #1	Draw #2	Draw #3	Draw #4	Draw #5
Low security	2	1	2	0	1
Medium security	5	4	6	3	3
High security	4	3	4	3	3
Multi-level security	0	0	1	0	0
Total projected new facilities required	11	8	13	6	7

Provincial case: The table below shows the required construction of new provincial facilities by type, in the first case of reduction in credit from 2:1 to 1.5:1, for FY2015-16.

**Table 11-T: Projected provincial facility requirements (2:1 to 1.5:1)**

Total projected additional facilities required (for FY2015-16)	Draw #1	Draw #2	Draw #3	Draw #4	Draw #5
Low security	1	1	1	1	1
Medium security	2	2	1	2	2
High security	10	11	8	12	9
Multi-level security	11	13	9	14	11
Total projected new facilities required	24	27	19	29	23

**Note: The cell vs. bed concept**

It is pertinent to note that the CSC (federal correctional department) and the provincial and territorial correctional departments have adopted their own mechanisms for managing and rehabilitating prison populations and occupancies. Many provincial and territorial governments do not respect the concept of one bed per cell.

Consequently, the PBO projections for provincial and territorial correctional facility requirements are severely understated when compared to the case wherein a single bed was to be placed in a single cell.

**11.5.2 Translation into Construction Cost**

Averaging thousands of random draws from Monte Carlo simulations gives the average case of the number of facilities required to be built under each case. The sections below show a chart with such an average case in the federal context.

*Federal facility construction projections*

**Figure 11-H: Projected New Federal Construction by Security Type**

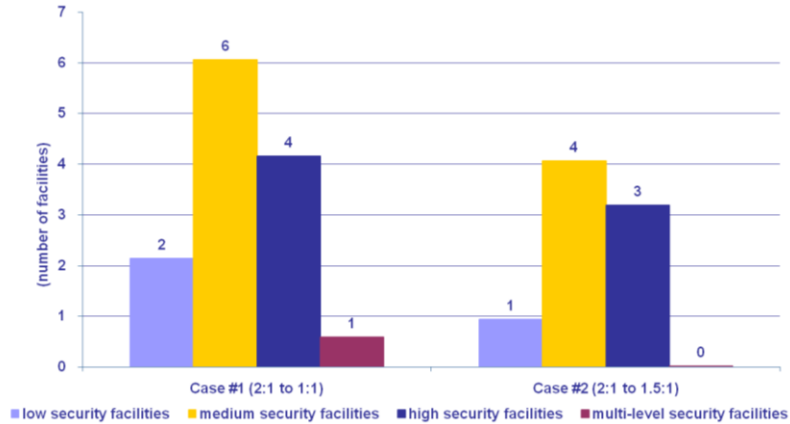


Figure 11-H shows the total number of newly constructed facilities required under the two scenarios, split by type. Under the 2:1 to 1:1 case of the “Truth in Sentencing Act”, 13 new facilities need to be constructed, whereas under the 2:1 to 1.5:1 case of the “Truth in Sentencing Act”, 8 new facilities need to be constructed to meet the incoming inflow of inmates in FY2015-16.

*Cost of New Federal Correctional Facilities*

Today’s cost estimate of building new federal correctional facilities is given in the table below. These costs estimates have been sourced from the CSC. Please refer to section 17 entitled “Addendum - Letter from CSC Commissioner to the Standing Senate Committee on Legal and Constitutional Affairs”, on page 116.

**Table 11-U: Federal Facility Construction Cost**

Security type	Number of cells	Construction cost (\$millions)	Land acquisition charges	Development charges	Total costs (\$millions)	Calculated new construction costs per cell
Minimum	250	65	N/A	N/A	65	\$260,000
Medium	600	240	N/A	N/A	240	\$400,000
Maximum	400	240	N/A	N/A	240	\$600,000
Multi-level <sup>32</sup>	400	240	N/A	N/A	240	\$600,000

Source: CSC Commissioner Don Head

Constructing a 250-cell federal minimum-security facility would cost \$65 million, or \$260,000 per cell, excluding the land acquisition and land development charges. Thus this would correspond to adding extensions to existing CSC land adjacent to existing CSC correctional facilities.

Constructing a 600-cell federal medium-security facility would cost \$240 million, or \$400,000 per cell, excluding the land acquisition and land development charges.

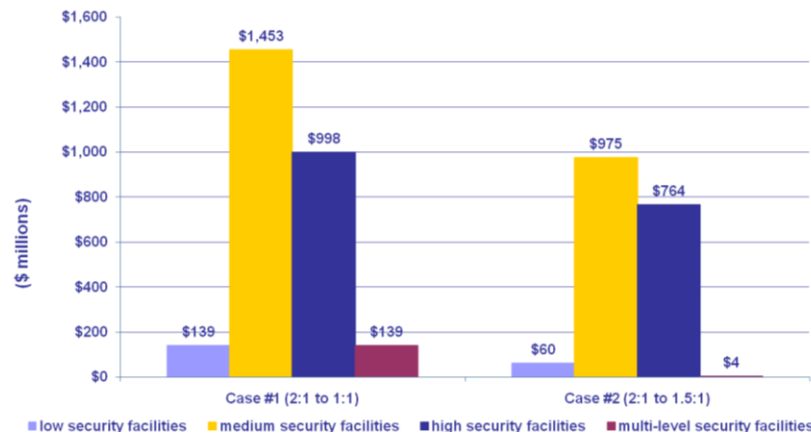
<sup>32</sup> The cost of constructing a multi-security facility is assumed to be that of the highest denominator, i.e. high security level.

Constructing a 400-cell federal maximum-security facility would cost \$240 million, or \$600,000 per cell, excluding the land acquisition and land development charges.

Constructing these facilities on newly acquired land in new locations would result in cost inflations of between 20% to 30%<sup>33</sup>.

Based on the above cost estimates, Figure 11-I translates the facility requirements into financial costs. **Note that the total number of facilities projected, are based on the assumption that the number of cells per facility will be the same as shown in Table 11-U. i.e. minimum security facilities will have 250 cell/bed capacity, medium security facilities will have 600 cell/bed capacity, maximum security facilities will have 400 cell/bed capacity, and that multi security facilities will have 400 cell/bed capacity. In the case where the facilities being built have different capacities than used in the projections, the cost per facility need to be adjusted based on the calculated cost per cell/bed as shown in Table 11-U.**

Figure 11-I: Projected Federal New Construction Facility Costs by Type



The data from Figure 11-I is tabulated below.

Table 11-V: Federal Facility and Cost Projections

(costs in \$ millions)	Projections	Low security facilities	Medium security facilities	High security facilities	Multi-level security facilities	Total
Case #1 (2:1 to 1:1)	New facility requirement	2	6	4	1	13
	New facility construction costs	\$139	\$1,453	\$998	\$139	\$2,728
Case #2 (2:1 to 1.5:1)	New facility requirement	1	4	3	0	8
	New facility construction costs	\$60	\$975	\$764	\$4	\$1,803

Thus, there is a new construction capital funding requirement for CSC ranging from \$1,803 million to \$2,728 million.

<sup>33</sup> BC Housing



*Provincial facility construction projections*

**Figure 11-J: Projected Provincial/Territorial New Construction Facility by Type**

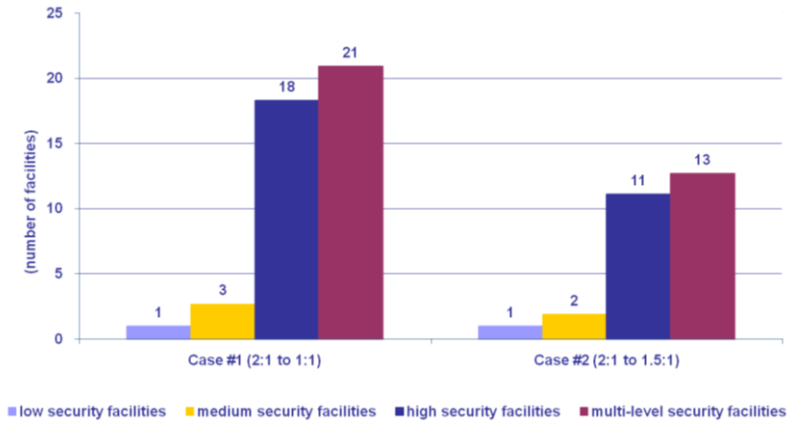


Figure 11-J shows the total number of newly constructed provincial facilities required under the two scenarios, split by type. Under the 2:1 to 1:1 case of the “Truth in Sentencing Act”, 43 new facilities need to be constructed, whereas under the 2:1 to 1.5:1 case of the “Truth in Sentencing Act”, 27 new facilities need to be constructed to meet the incoming inflow of inmates in FY2015-16.

*Cost of new provincial correctional facilities*

The PBO’s projections for the cost of building provincial/territorial correctional facilities is based on the same cost estimate of constructing federal correctional facilities, broken by security classification, as given in Table 11-U. This cost estimate is also corroborated by different sources [<sup>34</sup>,<sup>35</sup>]. Constructing these facilities on newly acquired land in new locations would result in cost inflations of between 20% to 30%<sup>36</sup>.

<sup>34</sup> According to BC Corrections, the cost per cell for a high-security facility ranges between \$400,000 and \$600,000 per cell, depending upon the size of the facility. These costs exclude land costs, off-site services, start-up costs, furniture and equipment, and procurement costs.

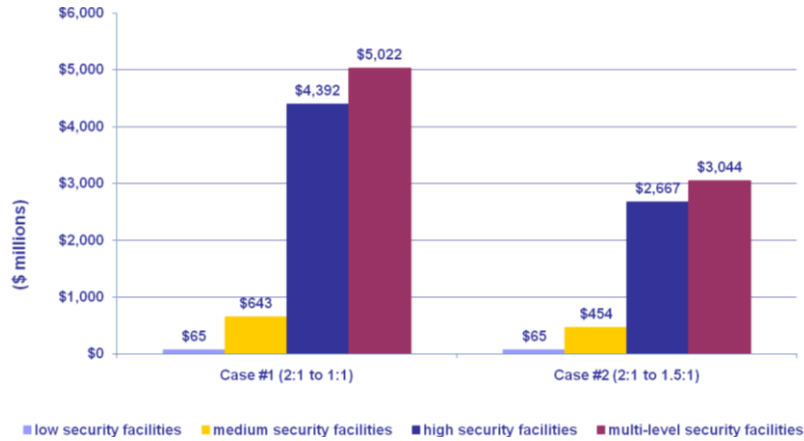
In addition, the 19 November 2009 Value for Money Assessment by KPMG LLP for the delivery costs of the 1650 bed Toronto South Detention Centre and the 320 bed Toronto Intermittent Centre projected delivery costs between \$788.5 million and \$855.2 million, or between \$478,000 and \$518,000 per bed, for traditional project delivery (Public sector) method and Alternative financing and procurement (AFP) method, respectively. From “Value for Money Assessment, Toronto South Detention Centre”, [http://www.infrastructureontario.ca/en/projects/mcscs/toronto\\_south/profile.asp](http://www.infrastructureontario.ca/en/projects/mcscs/toronto_south/profile.asp)

<sup>35</sup> “Jail rests on boosting prisoner total”, Kat Lee, Terrace Standard, 2<sup>nd</sup> March 2010, [http://www.bclocalnews.com/bc\\_north/terracestandard/news/85831307.html](http://www.bclocalnews.com/bc_north/terracestandard/news/85831307.html)

<sup>36</sup> BC Housing

Figure 11-K translates the facility requirements into financial costs.

**Figure 11-K: Projected Provincial/Territorial New Construction Facility Costs by Type**



The data from the above chart is tabulated below.

**Table 11-W: Provincial Facility and Cost Projections**

(costs in \$ millions)	Projections	Low security facilities	Medium security facilities	High security facilities	Multi-level security facilities	Total
Case #1 (2:1 to 1:1)	New facility requirement	1	3	18	21	43
	New facility construction costs	\$65	\$643	\$4,392	\$5,022	\$10,122
Case #2 (2:1 to 1.5:1)	New facility requirement	1	2	11	13	27
	New facility construction costs	\$65	\$454	\$2,667	\$3,044	\$6,231

Thus, there is a new construction funding requirement for provincial/territorial correctional departments CSC ranging from \$6,231 million to \$10,122 million.

### 11.5.3 New Construction Costs on Account of the “Truth in Sentencing Act”

This section below summarizes the total new construction expenditure requirements arising from the implementation of “Truth in Sentencing Act”. This cost consists of federal and provincial components.

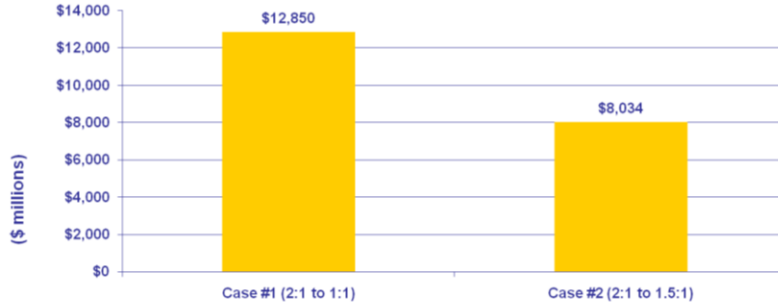
The total cost of constructing new facilities on account of “Truth in Sentencing Act” is depicted in the table below.

**Table 11-X: Projected Total New Construction Cost (Federal + Provincial) Requirements**

(\$ millions)	Low security facilities	Medium security facilities	High security facilities	Multi-level security facilities	Total
Case #1 (2:1 to 1:1)	\$204	\$2,096	\$5,390	\$5,161	\$12,850
Case #2 (2:1 to 1.5:1)	\$125	\$1,429	\$3,432	\$3,048	\$8,034

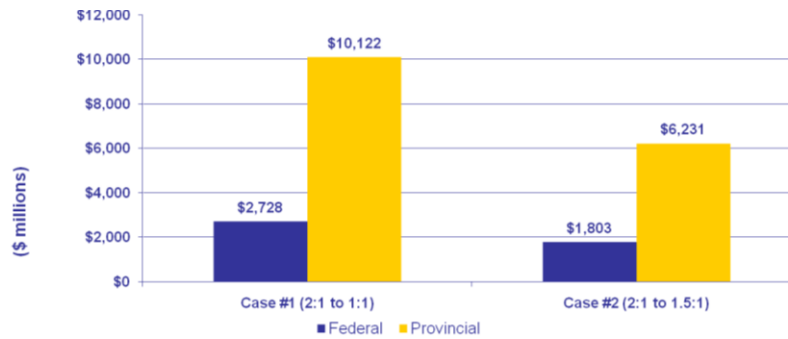
Thus, as depicted in Table 11-X, the total cost of new constructions is \$12.8 billion for the 2:1 to 1:1 case, and \$8 billion for the 2:1 to 1.5:1 case, as shown above. The above figures in Table 11-X are demonstrated graphically in Figure 11-L below.

**Figure 11-L: Total Federal and Provincial/Territorial New Construction Cost Projections**



The total cost of new constructions is shown graphically in Figure 11-M, broken down into their federal and provincial/territorial components.

**Figure 11-M: Federal and Provincial/Territorial New Construction Cost Split**



Thus, as can be seen in the above charts, the major portion of the financial burden of new facility constructions falls on the provinces. This finding is consistent with the fact that, historically provinces have been dealing with the over-crowding of the prison capacity through operational decisions to double bunk, triple bunk, construct temporary habitats etc.

It should be noted that PBO cost projections assume that the new constructions will be expansions or constructions in existing land owned by the governments. If the new facilities are to be constructed on land, which needs to be newly acquired and developed, the PBO projected costs are likely to increase by 20% to 30%.

Thus, from the charts above, the cost of new construction stemming from "Truth in Sentencing Act" will be borne in the proportion of approximately 21% to 22% by the federal GC, and 78% to 79% by the provincial governments. Table 11-Y provides a summary of the required construction costs for new provincial correctional facilities.

**Table 11-Y: Provincial New Facility Construction Cost Projections**

(\$ millions)	Case #1 (2:1 to 1:1)	Case #2 (2:1 to 1.5:1)
Alberta	1,247	768
British Columbia	1,139	701
Manitoba	767	472
New Brunswick	116	71
Newfoundland and Labrador	155	95
Northwest Territories	91	56
Nova Scotia	171	105
Nunavut	130	14
Ontario	3,619	2,228
Prince Edward Island	65	40
Quebec	2,137	1,316
Saskatchewan	560	345
Yukon	32	20
Total	10,229	6,231

As can be seen from the table above, the provinces of Ontario, Québec, Alberta, British Columbia, Manitoba and Saskatchewan (i.e. except for all Atlantic Provinces and the territories) will share a significant burden of the costs from the requirement for new constructions.

## 11.6 Impact on Federal Facility Lifecycle Costs

Once the new correctional facilities are built and operated at the occupancies projected, they are likely to incur O&M and recapitalization and capital asset replacement costs (As described in section 9 entitled "Addendum - PBO Methodology" on page 41) throughout their useful life. The following sections detail the impact of these costs.

### 11.6.1 Operations & Maintenance

Annual operations and maintenance costs for the Correctional Service of Canada (CSC) include costs such as salaries for peace and law enforcement officers, overtime pay, residential and health services, utilities, PILT, rations, etc. These costs are intricately linked to the operations of the correctional facilities and the inmates housed in them – i.e. there is a direct impact of the number of inmates on the annual O&M costs borne by CSC. Given below are the historical O&M expenditures for CSC, split by program lines, from FY2000-01 to FY2009-10:

**Table 11-Z: Federal CSC Historical O&M Costs (disjointed published series)**

Fiscal Year (\$ millions)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Care	181	192	196	221	223					
Custody	473	543	536	543	573				1,507	1,288
Correctional interventions									449	384
Care & custody						1,095	1,303	1,394		
Rehabilitation and case management						538	479	515		
CORCAN (SOA)							81	91	102	95
Reintegration (CORCAN included)	525	569	564	570	579					
Corporate services	175	193	214	189	205					
Internal services										220
Community supervision									124	105
Total annual parliamentary appropriations	1,354	1,497	1,510	1,523	1,580	1,633	1,863	2,000	2,182	2,092
<b>Source: Correctional Service of Canada (CSC)</b>										

The annual total O&M expenditure by CSC has risen from \$1.3 billion from FY2000-01 to \$2.1 billion in FY2009-10. Please note that on account of the fact that CORCAN related expenditures were embedded within other expenditures such as Reintegration over the FY2000-01 to FY2004-05 period, it is impossible for the PBO to segregate the CORCAN revolving fund related expenditures for the entire time series of O&M expenditures for the period between FY2000-01 and FY2009-10.

Below is the total federal CSC cell capacity and annual O&M expenditures over the same period:

**Table 11-AA: Federal CSC Historical O&M Costs and Inmate Capacity**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Total existing capacity to hold inmates	13,527	13,786	14,262	14,432	14,317	14,121	14,402	14,846	15,110	15,145
Total annual O&M expenditures (\$ millions)	1,354	1,497	1,510	1,523	1,580	1,633	1,863	2,000	2,182	2,092
<b>Source: Correctional Service of Canada (CSC)</b>										

As a function of the total O&M cost per cell, we obtain the following table:

**Table 11-BB: Federal CSC Average O&M Cost per Cell**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Total average O&M costs per cell (\$)	100,096	108,588	105,862	105,516	110,309	115,679	129,329	134,689	144,421

The total O&M costs per cell have been growing linearly over this period. Regressing these over time, we obtain the projected future O&M costs per cell, we get the following:

**Table 11-CC: Federal CSC Future Projected O&M Cost per Inmate**

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Total projected average O&M costs per cell (\$)	148,436	153,647	158,859	164,071	169,282	174,494

### 11.6.2 Capital Costs

The lifecycle capital costs arising from the use of a correctional facility depend on the asset replacement value of that facility, its use and wear and tear, and the build standard. For more details on the calculation of the lifecycle capital costs, please refer to the PBO report on *"The Funding Requirement for First Nations Schools in Canada"*, by Rajekar and Mathilikath<sup>26</sup>. Using the replacement value per cell capacity, of the costs as outlined in the section entitled "Cost of New Federal Correctional Facilities" on page 71, we get the total replacement value of all the correctional facilities today as given in the table below:

**Table 11-DD: Federal CSC Total Portfolio Asset Replacement Value**

	Total number of existing facilities (FY2009-10)	Total average cost of replacement today per facility (FY2009-10) (\$ millions)	Total replacement cost today (FY2009-10) (\$ millions)
Low security	34	20	\$674
Medium security	19	175	\$3,325
High security	8	169	\$1,351
Multi-level security	13	92	\$1,193
Total	74		\$6,543

Thus, in FY2009-10, the total replacement value of all federal CSC correctional facilities was \$6.5 billion. Based on the total asset replacement value as shown in the table above, the following sections calculate the recapitalization and capital asset replacement costs.

*Recapitalization*

Annual recapitalization rate has been assumed at 4%<sup>37</sup>. Recapitalization rate for the future years has been calculated on a similar basis.

*Replacement*

Annual capital asset replacement is calculated by amortizing the total replacement value of the asset over its depreciable life, which for GC's permanent structures is 40 years.

**11.7 Total Cost Summation for the Federal Level**

The total costs to the correctional system in Canada stem from the summation of:

- New construction costs, or the cost of building new correctional facilities;
- Annual lifecycle capital costs, or the recapitalization and capital asset replacement costs; and,
- Annual lifecycle O&M costs, or the cost of running the facilities at the projected occupancy levels.

The following two tables show the total annual funding projections under each category, for the federal corrections (CSC)

*Case 1: change from 2:1 to 1:1*

**Table 11-EE: Future Annual Funding Projections for Federal CSC (2:1 to 1:1)**

(\$ millions)		FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
New construction costs		682	682	682	682	682	0
Lifecycle capital expenditures	Recapitalization	262	262	262	262	262	371
	Capital asset replacement	164	164	164	164	164	232
O&M		2,380	3,012	3,168	3,301	3,433	3,566
Total		3,487	4,119	4,276	4,409	4,541	4,168

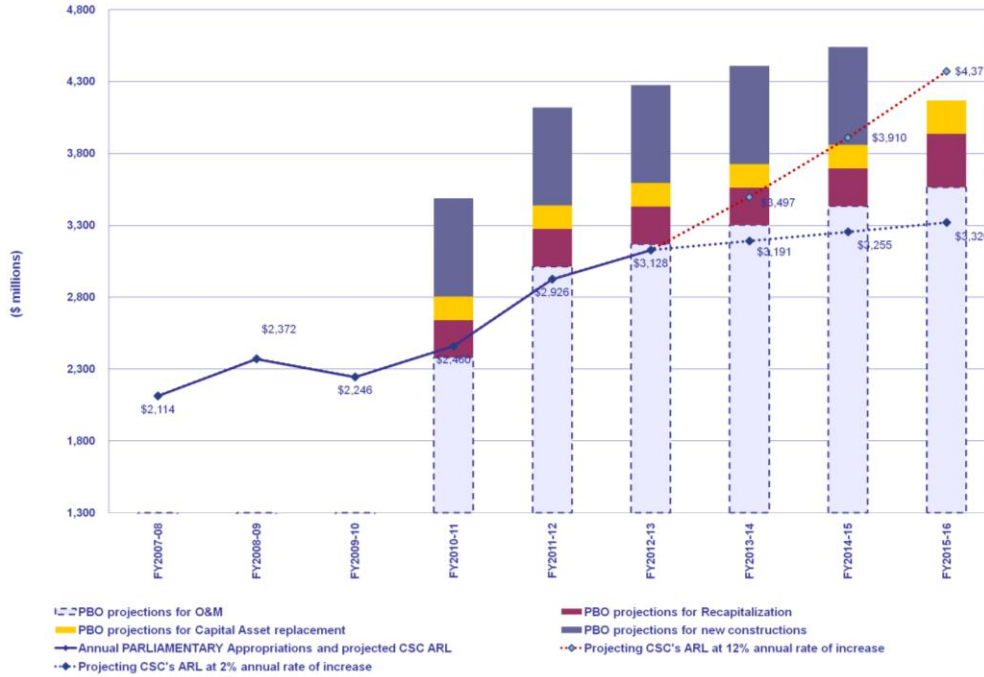
*Case 2: change from 2:1 to 1.5:1*

**Table 11-FF: Future Annual Funding Projections for Federal CSC (2:1 to 1.5:1)**

(\$ millions)		FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
New construction costs		451	451	451	451	451	0
Lifecycle capital expenditures	Recapitalization	262	262	262	262	262	334
	Capital asset replacement	164	164	164	164	164	209
O&M		2,255	2,360	2,710	2,817	2,924	3,038
Total		3,131	3,236	3,586	3,693	3,801	3,581

<sup>37</sup> Traditionally, 4% has been the preferred recapitalization rate in a PPP model, whilst traditional procurement methods under-invested at a 2% recapitalization rate.

Figure 11-N: Historical and Future Projected Annual Parliamentary Appropriations



As shown in Figure 11-N, the chart projects the historical appropriations and departmental ARL (Annual Reference Level) for CSC, and PBO’s future funding requirement for the federal corrections (CSC), on account of the 2:1 to 1:1 case. **The purpose of showing the graph above is to indicate the additional funding that Parliament may need to appropriate annually as a result of the impact of the “Truth in Sentencing Act”.**

Figure 11-N is shown in tabular format below. Row “A” represents the PBO’s total projections for CSC, including the impact of the “Truth in Sentencing Act”. Row “B” represents the CSC’s Annual Reference Level, taken from the departmental RPPs for FY2010-11, FY2011-12, and FY2012-13. Compared to the total annual CSC appropriation for FY2009-10, which was \$2,248 million, CSC’s Annual Reference Level shows an average annual rate of increase of 12%.

Relative to the CSC’s projected planned expenditure for 2010-11 to 2012-13, results from the PBO simulation model indicate a net financial requirement of about \$1 billion annually (see Figure 11-N and Table 11-GG). These results are similar to the net financial requirement presented earlier from the simple financial model (i.e. \$618 million in additional O&M and capital plus \$363 million for new construction).

Table 11-GG: Future Annual Funding Projections for Federal CSC (2:1 to 1:1)

	(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	Total
A	PBO projected total annual funding requirement	\$3,487	\$4,119	\$4,276	\$4,409	\$4,541	\$4,168	\$25,000
B	CSC Annual Reference Level (ARL)	\$2,460	\$2,926	\$3,128				
C	Requirement gap	\$1,027	\$1,193	\$1,147				



Table 11-GG includes the annual expenditures on account of new construction, recapitalization, and capital asset replacement, in addition to expenditures on O&M. The **Table 11-HH excludes the annual expenditures on account of new construction, recapitalization, and capital asset replacement.** This comparison is made to estimate the total funding requirement if the department were to not construct any new correctional facilities, and not invest in any capital expenditures.

**Table 11-HH: Future Annual Funding Projections for Federal CSC (2:1 to 1:1) (PBO O&M vs. CSC ARL comparison)**

	(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	Total
A	PBO projected total annual funding requirement	\$2,380	\$3,012	\$3,168	\$3,301	\$3,433	\$3,566	\$18,861
B	CSC Annual Reference Level (ARL)	\$2,460	\$2,926	\$3,128				
C	Requirement gap (A – B)	-\$80	\$86	\$40				

As can be seen from in the table above, the O&M component of PBO’s total projections are roughly in the same ballpark as the CSC’s Annual Reference Levels, and sometimes even lower. This finding **could be interpreted** to mean that while the PBO’s total funding requirement projections and CSC’s ARL are fairly similar in terms of their O&M component, CSC’s ARL excludes any capital expenditures or new facility constructions. This could imply that the department would resort to housing multiple inmates (double-bunking) within the same cell, and not invest in any new facility constructions. Earmarked as Planned Capital Spending for CSC for FY2010-11, FY2011-12, and FY2012-13 are \$329.4 million, \$517.5 million, and \$466.9 million, respectively. However, it is not clear whether these Planned Capital Spending figures are included in the departmental ARL as shown in the tables above. **Hence the reader is cautioned to the fact that the PBO is not aware of the decomposition of CSC’s ARL into O&M, capital and new construction components, and this comparison should be seen only in the light of this context.**

## 11.8 Impact on Provincial/Territorial Facility Lifecycle Costs

As described earlier, once the new correctional facilities are built and operated at the occupancies projected, they are likely to incur O&M and recapitalization and capital asset replacement costs (As described in section 9 entitled “Addendum - PBO Methodology” on page 41) throughout their useful life. The following sections detail the impact of these costs.

### 11.8.1 Operations & Maintenance

As described earlier, annual operations and maintenance costs for provincial and territorial correctional departments include costs such as salaries for peace and law enforcement officers, overtime pay, residential and health services, utilities, PILT, rations, etc. These costs are intricately linked to the operations of the correctional facilities and the inmates housed in them – i.e. there is a direct impact of the number of inmates on the annual O&M costs borne by the respective correctional departments.

Below is the total provincial bed capacity and annual O&M expenditures over the same period.

**Table 11-II: Historical Provincial/territorial O&M Costs and Number of Inmates**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08
Total number of inmates	18,821	19,262	19,685	19,368	19,820	20,829	22,413	23,026
Total annual O&M expenditures (\$ millions)	1,151	1,196	1,297	1,272	1,383	1,449	1,545	1,645

**Source: Canadian Centre for Justice Statistics, Statistics Canada**

As a function of the total O&M cost per bed, we obtain the following table:

**Table 11-JJ: Historical Provincial/Territorial Average O&M Cost per Inmate**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08
Total average O&M costs per inmate (\$)	61,155	62,097	65,865	65,690	69,764	69,545	68,923	71,447

The total O&M costs per cell have been growing linearly over this period. Regressing these over time, we obtain the projected future O&M costs per cell, we get the following:

**Table 11-KK: Provincial/Territorial Future Projected Average O&M Cost per Inmate**

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Total projected average O&M costs per inmate (\$)	76,196	77,639	79,083	80,527	81,971	83,415

### 11.8.2 Capital Costs

As described earlier, the lifecycle capital costs arising from the use of a correctional facility depend on the asset replacement value of that facility, its use and wear and tear, and the build standard. For more details on the calculation of the lifecycle capital costs, please refer to the PBO report on “*The Funding Requirement for First Nations Schools in Canada*”, by Rajekar and Mathilikath<sup>26</sup>. Using the replacement value of the costs as outlined in the section entitled “*Cost of New Federal Correctional Facilities*” on page 71, we get the total replacement value of all the correctional facilities today as given in the table below.

**Table 11-LL: Provincial/Territorial Total Portfolio Asset Replacement Value**

	Total number of existing facilities (FY2009-10)	Total average cost of replacement today per facility (FY2009-10) (\$ millions)	Total replacement cost today (FY2009-10) (\$ millions)
Low security	4	8	\$31
Medium security	23	36	\$838
High security	40	171	\$6,844
Multi-level security	47	167	\$7,855
Total	114		\$15,567

Thus, in FY2009-10, the total replacement value of all provincial and territorial correctional facilities was \$15.5 billion. Based on the total asset replacement value as shown in the Table 11-LL, the following sections calculate the recapitalization and capital asset replacement costs.

*Recapitalization*

Annual recapitalization rate has been assumed at 4%<sup>38</sup>. Recapitalization rate for the future years has been calculated on a similar basis.

*Replacement*

Annual capital asset replacement is calculated by amortizing the total replacement value of the asset over its depreciable life, which for GC's permanent structures is 40 years.

**11.9 Total Cost Summation for the Provincial Level**

As explained earlier, the total costs to the correctional system in Canada stem from the summation of:

- New construction costs, or the cost of building new correctional facilities;
- Annual lifecycle capital costs, or the recapitalization and capital asset replacement costs; and,
- Annual lifecycle O&M costs, or the cost of running the facilities at the projected occupancy levels.

The following two tables show the total annual funding projections under each category, for the provincial and territorial correctional departments.

<sup>38</sup> Traditionally, 4% has been the preferred recapitalization rate in a PPP model, whilst traditional procurement methods under-invested at a 2% recapitalization rate.

Case 1: change from 2:1 to 1:1

**Table 11-MM: Future Annual Funding Projections for Provincial/Territorial Corrections (credit change from 2:1 to 1:1)**

(\$ millions)		FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
New construction costs		2,531	2,531	2,531	2,531	2,531	0
Lifecycle capital expenditures	Recapitalization	623	623	623	623	623	1,028
	Capital asset replacement	389	389	389	389	389	642
O&M		2,901	3,041	3,173	3,328	3,472	3,619
<b>Total</b>		<b>6,443</b>	<b>6,584</b>	<b>6,715</b>	<b>6,870</b>	<b>7,014</b>	<b>5,289</b>

Case 2: change from 2:1 to 1.5:1

**Table 11-NN: Future Annual Funding Projections for Provincial/Territorial Corrections (credit change from 2:1 to 1.5:1)**

(\$ millions)		FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
New construction costs		1,558	1,558	1,558	1,558	1,558	0
Lifecycle capital expenditures	Recapitalization	623	623	623	623	623	872
	Capital asset replacement	389	389	389	389	389	545
O&M		2,467	2,578	2,694	2,812	2,932	3,058
<b>Total</b>		<b>5,036</b>	<b>5,147</b>	<b>5,263</b>	<b>5,382</b>	<b>5,502</b>	<b>4,474</b>

Thus, summarizing the above two tables:

1. To meet the future inflow requirements, assuming case 1 (credit time changed from 2:1 to 1:1) of the "Truth in Sentencing Act", the future projected funding for all provinces and territories is estimated to rise to about \$6.5 billion in FY2010-11, and continue to rise thereafter; and,
2. To meet the future inflow requirements, assuming case 2 (credit time changed from 2:1 to 1.5:1) of the "Truth in Sentencing Act", the future projected funding for all provinces and territories is estimated to rise to about \$5 billion in FY2010-11 and continue to rise thereafter.

The total funding requirement as shown above is shown in the sections below, broken down by province/territory. The estimates are "total funding requirements" inclusive of costs associated with the "Truth in Sentencing Act". It is not possible to calculate a "financial impact" as projected status quo (pre C-25) spending levels are not available to the PBO.

### 11.9.1 Alberta: Total Funding Requirement Breakdown

Table 11-OO: Alberta Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$794	\$811	\$828	\$847	\$864	\$652
Case 2: (2:1 to 1.5:1)	\$621	\$634	\$649	\$663	\$678	\$551

As shown in the above table, the province of Alberta's correctional services would require annual funding to rise to between \$621 and \$794 million in FY2010-11.

### 11.9.2 British Columbia: Total Funding Requirement Breakdown

Table 11-PP: British Columbia Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$725	\$741	\$755	\$773	\$789	\$595
Case 2: (2:1 to 1.5:1)	\$567	\$579	\$592	\$605	\$619	\$503

As shown in the above table, the province of British Columbia's correctional services would require annual funding to rise to between \$567 and \$725 million in FY2010-11.

### 11.9.3 Manitoba: Total Funding Requirement Breakdown

Table 11-QQ: Manitoba Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$488	\$499	\$509	\$521	\$531	\$401
Case 2: (2:1 to 1.5:1)	\$382	\$390	\$399	\$408	\$417	\$339

As shown in the above table, the province of Manitoba's correctional services would require annual funding to rise to between \$382 and \$488 million in FY2010-11.

### 11.9.4 New Brunswick: Total Funding Requirement Breakdown

Table 11-RR: New Brunswick Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$74	\$75	\$77	\$78	\$80	\$60
Case 2: (2:1 to 1.5:1)	\$58	\$59	\$60	\$61	\$63	\$51

As shown in the above table, the province of New Brunswick's correctional services would require annual funding to rise to between \$58 and \$74 million in FY2010-11.

### 11.9.5 Newfoundland and Labrador: Total Funding Requirement Breakdown

Table 11-SS: Newfoundland and Labrador Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$98	\$101	\$103	\$105	\$107	\$81
Case 2: (2:1 to 1.5:1)	\$77	\$79	\$80	\$82	\$84	\$68

As shown in the above table, the province of Newfoundland and Labrador's correctional services would require annual funding to rise to between \$77 and \$98 million in FY2010-11.

### 11.9.6 Northwest Territories: Total Funding Requirement Breakdown

Table 11-TT: Northwest Territories Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$58	\$59	\$61	\$62	\$63	\$48
Case 2: (2:1 to 1.5:1)	\$45	\$46	\$47	\$49	\$50	\$40

As shown in the above table, the province of Northwest Territories' correctional services would require annual funding to rise to between \$45 and \$58 million in FY2010-11.

### 11.9.7 Nova Scotia: Total Funding Requirement Breakdown

Table 11-UU: Nova Scotia Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$109	\$111	\$114	\$116	\$119	\$89
Case 2: (2:1 to 1.5:1)	\$85	\$87	\$89	\$91	\$93	\$76

As shown in the above table, the province of Nova Scotia's correctional services would require annual funding to rise to between \$85 and \$109 million in FY2010-11.

### 11.9.8 Nunavut: Total Funding Requirement Breakdown

Table 11-VV: Nunavut Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$14	\$15	\$15	\$15	\$16	\$12
Case 2: (2:1 to 1.5:1)	\$11	\$12	\$12	\$12	\$12	\$10

As shown in the above table, the province of Nunavut's correctional services would require annual funding to rise to between \$11 and \$14 million in FY2010-11.

### 11.9.9 Ontario: Total funding Requirement Breakdown

Table 11-WW: Ontario Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$2,304	\$2,354	\$2,401	\$2,456	\$2,508	\$1,891
Case 2: (2:1 to 1.5:1)	\$1,801	\$1,840	\$1,882	\$1,924	\$1,967	\$1,600

As shown in the above table, the province of Ontario's correctional services would require annual funding to rise to between \$1,801 and \$2,304 million in FY2010-11.

### 11.9.10 Prince Edward Island: Total Funding Requirement Breakdown

Table 11-XX: Prince Edward Island Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$41	\$42	\$43	\$44	\$45	\$34
Case 2: (2:1 to 1.5:1)	\$32	\$33	\$34	\$34	\$35	\$29

As shown in the above table, the province of PEI's correctional services would require annual funding to rise to between \$32 and \$41 million in FY2010-11.

### 11.9.11 Québec: Total Funding Requirement Breakdown

Table 11-YY: Québec Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$1,360	\$1,390	\$1,418	\$1,451	\$1,481	\$1,117
Case 2: (2:1 to 1.5:1)	\$1,063	\$1,087	\$1,111	\$1,136	\$1,162	\$945

As shown in the above table, the province of Quebec's correctional services would require annual funding to rise to between \$1,063 and \$1,360 million in FY2010-11.

### 11.9.12 Saskatchewan: Total Funding Requirement Breakdown

Table 11-ZZ: Saskatchewan Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$357	\$364	\$372	\$380	\$388	\$293
Case 2: (2:1 to 1.5:1)	\$279	\$285	\$291	\$298	\$304	\$248

As shown in the above table, the province of Saskatchewan's correctional services would require annual funding to rise to between \$357 and \$279 million in FY2010-11.



### 11.9.13 Yukon: Total Funding Requirement Breakdown

Table 11-AAA: Yukon Total Funding Requirement Breakdown by Case

(\$ millions)	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16
Case 1: (2:1 to 1:1)	\$21	\$21	\$21	\$22	\$22	\$17
Case 2: (2:1 to 1.5:1)	\$16	\$16	\$17	\$17	\$18	\$14

As shown in the above table, the province of Yukon's correctional services would require annual funding to rise to between \$16 and \$21 million in FY2010-11.

# 12

## 12. Addendum - Historical Average Costs per Federal Inmate

This section calculates the total historical costs per federal inmate. From a methodological perspective, the PBO calculation includes all possible costs that are borne simply due to the presence of inmates in the correctional system, be they operations and maintenance, capital, parole, etc., and are fully inclusive.

The average cost per inmate, whether sentenced or remanded, consists broadly of the average capital costs, and average O&M costs. Capital costs consist of expenditures such as recapitalization and capital asset replacement. O&M expenditures consist of expenditures such as utilities, food, water, clothing, heating/cooling, salaries, PILT, etc. The calculations for the average costs per inmate have been demonstrated separately in the following two sections.

### Note:

The average cost per inmate, as calculated in the following sections is for the **average case only, and is the average cost of all possible inmate security classifications of low, medium and high security, women inmates, and also those inmates that are on parole or in community corrections.**

The average cost specifically calculated by security classification for federal inmates is demonstrated in section entitled "*Average Cost of Federal Inmates Split by Type*", on page 93.

### 12.1 O&M Costs

Given below are the total federal CSC cell capacity and annual O&M expenditures over the FY2000-01 to FY2009-10 period:

**Table 12-A: Federal CSC Historical O&M Costs and Inmate Capacity**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Total existing capacity to hold inmates	13,527	13,786	14,262	14,432	14,317	14,121	14,402	14,846	15,110
Total annual O&M expenditures (\$ millions)	1,354	1,497	1,510	1,523	1,580	1,633	1,863	2,000	2,182
<b>Source: Correctional Service of Canada (CSC)</b>									

As a function of the total O&M cost per cell, we obtain the following table;

**Table 12-B: Federal CSC Average O&M Cost per Cell**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Total average O&M costs per cell (\$)	100,096	108,588	105,862	105,516	110,309	115,679	129,329	134,689	144,421

## 12.2 Capital Costs

Given below are the total federal CSC cell capacity and annual capital expenditures over the FY2000-01 to FY2009-10 period.

**Table 12-C: Federal CSC Historical Capital Costs and Inmate Capacity**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Total existing capacity to hold inmates	13,527	13,786	14,262	14,432	14,317	14,121	14,402	14,846	15,110
Total annual capital expenditures (\$ millions)	133	135	133	129	131	143	139	190	271
<b>Source: Correctional Service of Canada (CSC)</b>									

As a function of the total capital expenditures per cell, we obtain the following table.

**Table 12-D: Federal CSC Average Capital Cost per Cell**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Total average annual capital costs per cell (\$)	9,832	9,793	9,297	8,925	9,136	10,120	9,665	12,778	17,955

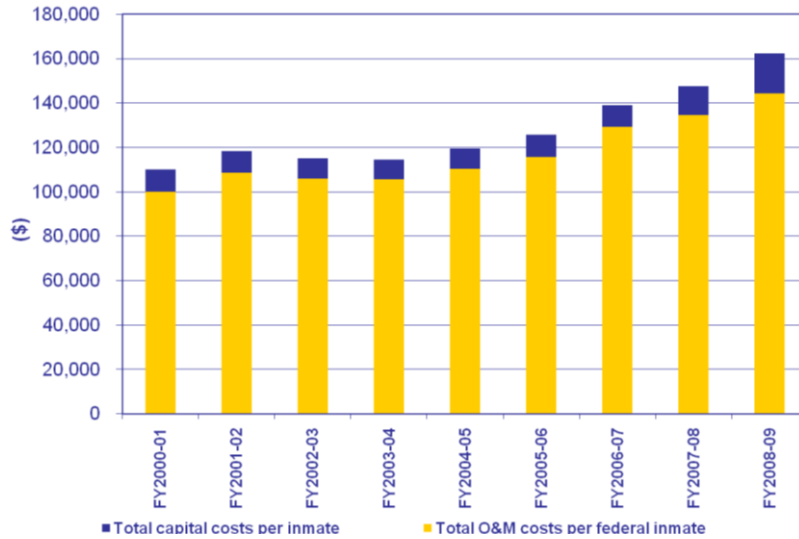
Thus, the total costs per cell are the sum total of the O&M cost per cell and the capital costs per cell, as shown in the table below:

**Table 12-E: Federal CSC Average Total Annual and Daily Costs per Cell**

(in dollars)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Total average annual capital costs per cell	9,832	9,793	9,297	8,925	9,136	10,120	9,665	12,778	17,955
Total average annual O&M costs per cell	100,096	108,588	105,862	105,516	110,309	115,679	129,329	134,689	144,421
Total average annual costs per cell	109,928	118,381	115,159	114,440	119,445	125,798	138,995	147,467	162,376
Total average daily costs per cell	301	324	316	314	327	345	381	404	445

Thus, as can be seen from the above table, the total annual and daily average costs per cell in federal correctional facilities have been steadily increasing. The total annual average cost per cell has risen from \$109,928 in FY2000-01 to \$162,376 in FY2009-10, an increase of about 47.7%. Note that these are average costs only, and the actual split by security classification is shown in the next section.

**Figure 12-A: Total Historical Annual Cost per Federal Sentenced Inmate**



### 12.3 Average Cost of Federal Inmates Split by Type

As detailed in the above section, the total average annual costs per federally sentenced inmate are as given in Table 12-E. However, the average annual costs vary by type, as given by low security, medium security, high security, women’s, community correctional centre, and parole.

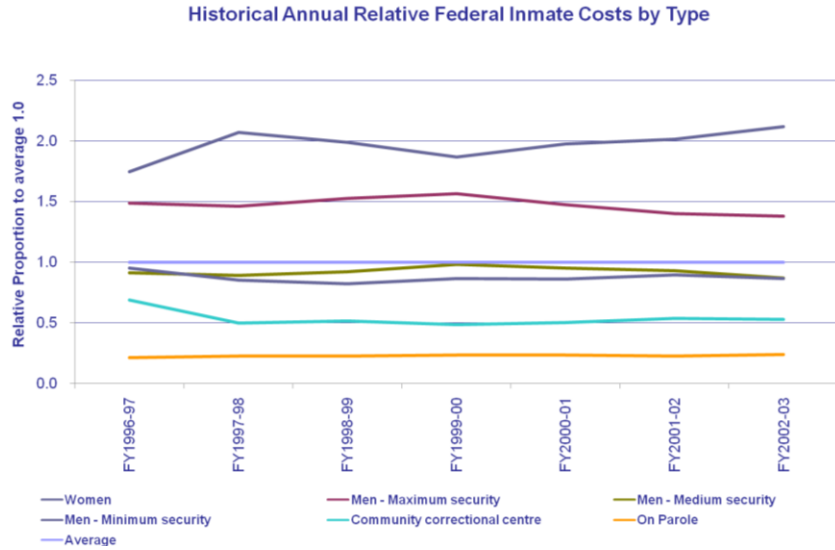
Given in Table 12-F are the proportional annual average costs split by type for federally sentenced inmates.

**Table 12-F: Annual Proportional Average Cost of Maintaining Offenders in Different Security Levels**

		FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01	FY2001-02	FY2002-03
Women		1.7	2.1	2.0	1.9	2.0	2.0	2.1
Men	Maximum	1.5	1.5	1.5	1.6	1.5	1.4	1.4
	Medium	0.9	0.9	0.9	1.0	1.0	0.9	0.9
	Minimum	1.0	0.9	0.8	0.9	0.9	0.9	0.9
In community correctional centre		0.7	0.5	0.5	0.5	0.5	0.5	0.5
On parole		0.2	0.2	0.2	0.2	0.2	0.2	0.2

Source: Correctional Service of Canada DPRs (FY1996-97 to FY2002-03)

The table above is illustrated graphically below.



Thus, as of FY2002-03, the average woman inmate in federal incarcerated sentenced custody costs 2.1 times the average inmate in federal incarcerated sentenced custody, annually. Maximum security male costs 1.4 times, medium security male costs 0.9 times, minimum security male costs 0.9 times, an inmate in community correctional centre costs 0.5 times, and an inmate on parole costs 0.2 times the average inmate in federal incarcerated sentenced custody.

The table below translates these cost proportions into actual dollar costs, broken down by categories, for FY2008-09.

**Table 12-G: Average Annual Cost per Federal Inmate, by Security Classification**

Annual Average Cost of Maintaining Federal Inmates in Different Classifications for FY2008-09 (\$)	
Women	\$343,810
Men - Maximum	\$223,687
Men - Medium	\$141,495
Men - Minimum	\$140,527
Community correctional centre	\$85,653
On parole	\$39,084
Average cost	\$162,376

Thus, as shown in Table 12-G, the average total annual cost per federal inmate was \$162,376. However, according to the proportional estimates calculated in the section entitled “Average Cost of Federal Inmates Split by Type” on page 93, the average total annual cost per woman inmate was \$343,810; the average total annual cost per male inmate in maximum security was \$223,687; for male inmate in medium security was \$141,495; for male inmate in minimum security was \$140,527. The average annual cost per inmate in community correctional centre was \$85,653; and the average annual cost per inmate on parole was \$39,084.

# 13

## 13. Addendum - Historical Average Costs per Provincial Inmate

This section calculates the total historical average costs per provincial inmate. From a methodological perspective, the PBO calculation includes all possible costs that are borne simply due to the presence of inmates in the correctional system, be they operations and maintenance, capital, parole, etc., and are fully inclusive.

The average cost per inmate, whether sentenced or remanded, consists broadly of the average capital costs, and average O&M costs. Capital costs consist of expenditures such as recapitalization and capital asset replacement. O&M expenditures consist of expenditures such as utilities, food, water, clothing, heating/cooling, salaries, PILT, etc. The calculations for the average costs per inmate have been demonstrated separately in the following two sections.

### Note:

The average cost per inmate, as calculated in the following sections is for the **average case only, and is the average cost of all possible inmate security classifications of low, medium and high security, women inmates, and also those inmates that are on parole or in community corrections.**

Due to the unavailability of data, the PBO is unable to calculate the average cost per inmate specifically calculated by security classification for provincial inmates.

### 13.1 O&M Costs

Given below are the total provincial cell capacity and annual O&M expenditures over the FY2000-01 to FY2009-10 period.

**Table 13-A: Provincial/territorial Historical O&M Costs and Inmate Capacity**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08
Total existing remanded capacity	7,427	7,972	8,728	9,163	9,642	10,879	12,098	12,888
Total existing sentenced capacity	11,394	11,290	10,957	10,205	10,178	9,950	10,315	10,138
Total inmate capacity	18,821	19,262	19,685	19,368	19,820	20,829	22,413	23,026
Total annual O&M expenditures (\$ millions) (Source: CCJS)	1,151	1,196	1,297	1,272	1,383	1,449	1,545	1,645

As a function of the total O&M cost per cell, we obtain the following table;

**Table 13-B: Provincial/Territorial Average O&M Cost per Inmate**

	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09
Total average O&M costs per inmate (\$)	61,155	62,097	65,865	65,690	69,764	69,545	68,923	71,447	73,308

## 13.2 Capital Costs

The PBO is currently not in possession of statistical time series data regarding the capital expenditures by provincial and territorial correctional departments. Consequently, the PBO has used the per inmate capital costs at the federal level as a proxy for estimating the per inmate capital costs at the provincial/territorial level, as given in Table 12-D.

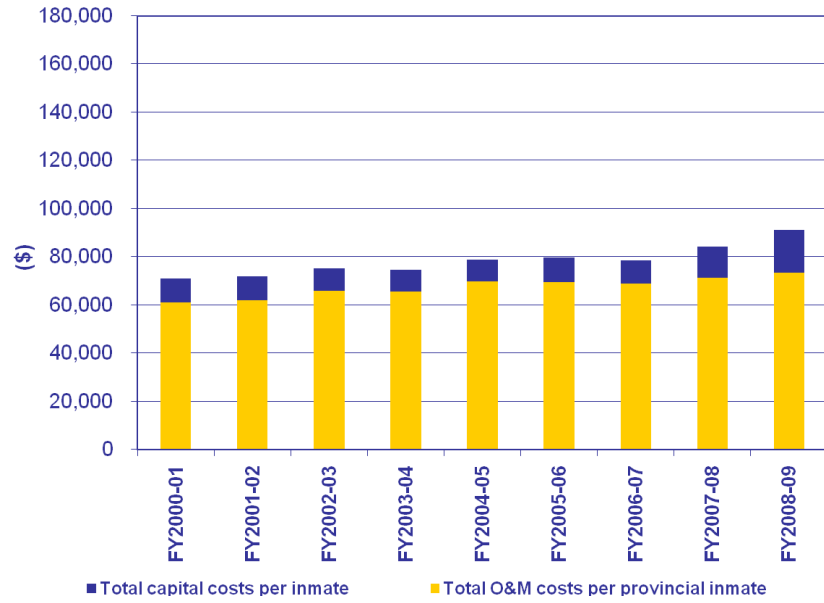
Thus, the total costs per cell are the sum total of the O&M cost per cell and the capital costs per cell, as shown in the table below:

**Table 13-C: Provincial/Territorial Total Annual and Daily Costs per Cell**

(in dollars)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08
Total annual average capital costs per cell	9,832	9,793	9,297	8,925	9,136	10,120	9,665	12,778
Total annual average O&M costs per cell	61,155	62,097	65,865	65,690	69,764	69,545	68,923	71,447
Total annual average costs per cell	70,988	71,890	75,163	74,614	78,900	79,664	78,588	84,225
Total daily costs per cell	194	197	206	204	216	218	215	231



Figure 13-A: Total Historical Annual Cost per Provincial Remanded or Sentenced Inmate



# 14

## 14. Addendum - Demonstrative Example of Costing Sentenced Inmates

The purpose of this section is to demonstrate the costs incurred on account of the incarceration of individuals, using a real example, in sentenced custody. Providing the cost on account of individual cases gives Parliament unit costing examples, and the real effect of policy on the financial costs per inmate.

### 14.1 Costing the Incarceration of Renée Acoby

Renée Acoby is a federally incarcerated woman<sup>39</sup>, under the management of Correctional Service of Canada (CSC). She entered the federal correctional system as a sentenced inmate with a 3.5 year sentence, and on account of accumulating additional charges in incarcerated custody, is now serving a 21.5 year sentence.

The table below briefly lists the various institutions that Renée Acoby was housed in, and the dates of entry.

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<sup>39</sup>*Life on the Installment Plan*, by Marian Botsford Fraser, March 2010, The Walrus, <http://www.walrusmagazine.com/print/2010.03-justice-life-on-the-installment-plan/>

Entry date	Correctional Facility	Location
February 17, 2000	Saskatchewan Penitentiary, Saskatchewan	Prince Albert, Saskatchewan
November 1, 2000	Okimaw Ohci Healing Lodge	Maple Creek, Saskatchewan
	Saskatchewan Penitentiary	Prince Albert, Saskatchewan
May 2, 2002	Springhill Institution	Springhill, Nova Scotia
May 29, 2003	Regional Reception Centre and Special Handling Unit (RRC-SHU), Quebec	Sainte-Anne-des-Plaines, Québec
October 7, 2003	Nova Institution for Women	Truro, Nova Scotia
October 10, 2003	Provincial Central Nova Scotia Correctional Facility	Halifax, Nova Scotia
October 16, 2003	Regional Psychiatric Centre, Saskatoon, Saskatchewan	Saskatoon, Saskatchewan
January 7, 2004	Nova Institution for Women	Truro, Nova Scotia
January 15, 2004	Regional Psychiatric Centre, Saskatoon, Saskatchewan	Saskatoon, Saskatchewan
September 13, 2004	Nova Institution for Women	Truro, Nova Scotia
October 4, 2004	Grand Valley Institution for Women	Kitchener, Ontario
April 7, 2005	Joliette Institution	Joliette, Québec
<b>Source: Correctional Service of Canada (CSC), through the Canadian Association of Elizabeth Fry Societies (CAEFS)</b>		

Based on the costing data calculated from the section 12 entitled "Addendum - Historical Average Costs per Federal Inmate" on page 90, the following is the tabulated sum of the total annual cost of incarcerating Renée Acoby in federal incarcerated custody.

Fiscal Year	Daily Cost (\$)	Institution and Location	Length of Stay (Days)	Estimated Cost (\$)	Total Annual Cost (\$)
FY2000-01	\$594	Saskatchewan Penitentiary, Saskatchewan	258	\$178,349	\$181,208
		Okimaw Ohci Healing Lodge	60	\$41,476	
FY2001-02	\$652	Saskatchewan Penitentiary, Saskatchewan	365	\$273,991	\$238,153
FY2002-03	\$668	Saskatchewan Penitentiary, Saskatchewan	122	\$94,428	\$243,835
		Springhill Institution, Springhill, Nova Scotia	243	\$188,082	
FY2003-04	\$664	Springhill Institution, Springhill, Nova Scotia	149	\$115,168	\$240,926 <sup>40</sup>
		Regional Reception Centre and Special Handling Unit (RRC-SHU), Quebec, Sainte-Anne-des-Plaines, Québec	131	\$101,255	
		Nova Institution for Women, Truro, Nova Scotia	3	\$2,319	

<sup>40</sup> Renée Acoby was housed in the Central Nova Scotia Correctional Facility in Halifax for a period of 6 days. The final cost total for FY2003-04 has been adjusted accordingly to account for the 6 days spent at the provincial institution.

		Provincial Central Nova Scotia Correctional Facility, Truro, Nova Scotia	6	\$3,251	
		Regional Psychiatric Centre, Saskatoon, Saskatchewan	76	\$58,743	
FY2004-05	\$693	Regional Psychiatric Centre, Saskatoon, Saskatchewan	7	\$5,603	\$253,603
		Nova Institution for Women, Truro, Nova Scotia	8	\$6,403	
		Regional Psychiatric Centre, Saskatoon, Saskatchewan	242	\$193,690	
		Nova Institution for Women, Truro, Nova Scotia	21	\$16,808	
		Grand Valley Institution for Women, Kitchener, Ontario	88	\$70,433	
FY2005-06	\$730	Grand Valley Institution for Women, Kitchener, Ontario	97	\$80,742	\$266,362
		Joliette Institution, Joliette, Québec	268	\$223,080	
FY2006-07	\$806	Joliette Institution, Joliette, Québec	365	\$332,529	\$294,303
FY2007-08	\$855	Joliette Institution, Joliette, Québec	365	\$344,071	\$312,243
FY2008-09	\$942	Joliette Institution, Joliette, Québec	365	\$366,009	\$344,752
FY2009-10	\$925	Joliette Institution, Joliette, Québec	365	\$362,717	\$337,763
FY2010-11	\$1,031	Joliette Institution, Joliette, Québec (assumed)	365	\$376,421	\$376,421
FY2011-12	\$1,060		365	\$387,042	\$387,042
FY2012-13	\$1,089		365	\$398,754	\$398,754
FY2013-14	\$1,119		365	\$408,286	\$408,286
FY2014-15	\$1,148		365	\$418,908	\$418,908
FY2015-16	\$1,177		365	\$429,529	\$429,529
FY2016-17	\$1,206		365	\$441,357	\$441,357
FY2017-18	\$1,235		365	\$450,773	\$450,773
FY2018-19	\$1,264		365	\$461,394	\$461,394
FY2019-20	\$1,293		365	\$472,016	\$472,016
FY2020-21	\$1,322		365	\$483,960	\$483,960
<b>Total</b>			<b>365</b>		<b>\$7,441,590</b>

Thus, as illustrated above, the total cost of incarcerating Renée Acoby in federally incarcerated custody, for the 21.5-year incarceration period is estimated to cost about \$7.4 million.

**Note:**

The figures provided in the example are average estimates based on high-level financial data, which are based on average numbers, calculated from women's annual average costs. These figures, as explained in section 12 entitled "*Addendum - Historical Average Costs per Federal Inmate*" on page 90, tend to be about 2.1 times the average cost of maintaining any sentenced inmate in federal sentenced custody.

15

## 15. Addendum - Historical Parliamentary Appropriations for CSC

The historical Parliamentary Appropriations for CSC can be broadly broken down into three main category types, namely Capital, O&M and Other. The following table gives the annual parliamentary appropriations under those three categories.

**Table 15-A: CSC Historical Total Annual Parliamentary Appropriations**

(\$ millions)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Total capital	133	135	133	129	130	143	139	189	272	247
Total O&M	1,354	1,497	1,510	1,523	1,580	1,633	1,863	2,000	2,182	2,092
Total other	-80	-82	-73	-73	-74	-72	-71	-77	-82	-94
Total	1,407	1,550	1,570	1,579	1,636	1,704	1,931	2,112	2,372	2,245

Source: Correctional Service of Canada (CSC)

The total annual appropriations for CSC have risen from \$1.4 billion in FY2000-01 to \$2.25 billion in FY2009-10. Restating the annual appropriations for CSC in terms of annual increases, the following table also lists the average rate of growth of the total annual parliamentary appropriations.

**Table 15-B: CSC Historical Total Annual Parliamentary Appropriations Trend**

(%)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	Average
Total capital		2%	-1%	-3%	1%	10%	-3%	36%	44%	-9%	8%
Total O&M		11%	1%	1%	4%	3%	14%	7%	9%	-4%	5%
Total other		2%	-11%	0%	1%	-3%	-1%	8%	6%	15%	2%
Total		10%	1%	1%	4%	4%	13%	9%	12%	-5%	5%

Thus, the total appropriations relating to capital expenditure have been increasing at 8% annually, whereas the O&M expenditures have been increasing at 5% annually.

The following table lists the total capital expenditures broken down into program lines:

**Table 15-C: CSC Historical Annual Capital Expenditures (disjointed series)**

Fiscal Year (\$ millions)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Care			0	1	1					
Custody	114	112	116	121	119				253	229
Correctional interventions									16	15
Care & custody						120	116	162		
Rehabilitation and case management						23	21	27		
CORCAN (SOA)							2	0	0	0
Reintegration (CORCAN included)	19	22	17	7	10					
Corporate services		1	0							
Internal services										2
Community supervision									3	1
<b>Total</b>	<b>133</b>	<b>135</b>	<b>133</b>	<b>129</b>	<b>130</b>	<b>143</b>	<b>139</b>	<b>189</b>	<b>272</b>	<b>247</b>

Source: Correctional Service of Canada (CSC)

As can be seen above, the capital expenditures traditionally record the largest expenditures in the "Custody" program line.

The following table lists the total O&M expenditures broken down into program lines:

**Table 15-D: Historical Annual O&M Expenditures (disjointed series)**

Fiscal Year (\$ millions)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Care	181	192	196	221	223					
Custody	473	543	536	543	573				1,507	1,288
Correctional interventions									449	384
Care & custody						1,095	1,303	1,394		
Rehabilitation and case management						538	479	515		
CORCAN (SOA)							81	91	102	95
Reintegration (CORCAN included)	525	569	564	570	579					
Corporate services	175	193	214	189	205					
Internal services										220
Community supervision									124	105
<b>Total</b>	<b>1,354</b>	<b>1,497</b>	<b>1,510</b>	<b>1,523</b>	<b>1,580</b>	<b>1,633</b>	<b>1,863</b>	<b>2,000</b>	<b>2,182</b>	<b>2,092</b>

Source: Correctional Service of Canada (CSC)

The table above shows that Care, custody and reintegration accounts for the largest expenditure categories by program lines for CSC. The following table details the expenditures in the "Other" category.

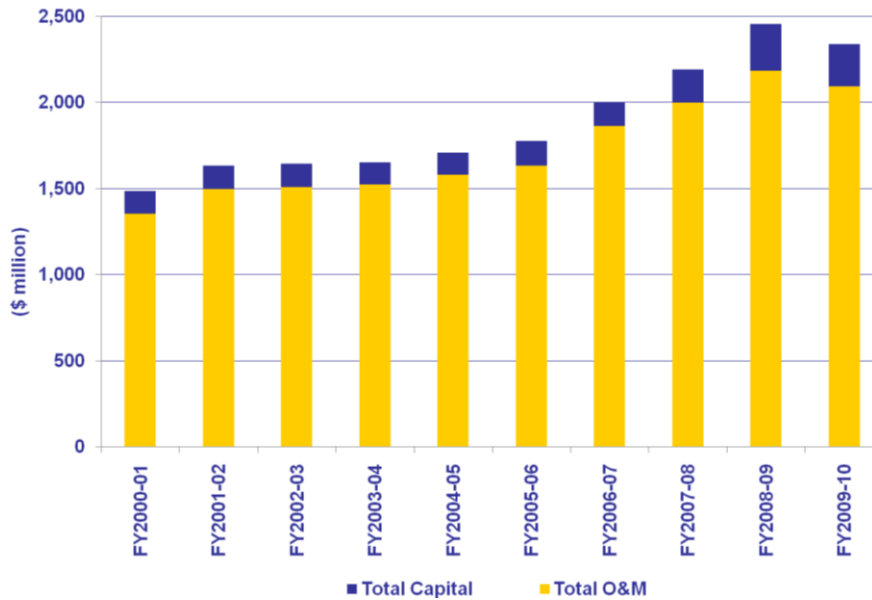
**Table 15-E: Historical Annual "Other" Expenditures**

Fiscal Year (\$ millions)	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
Care		1	1	1	0					
Custody	2								0	0
Correctional interventions									2	1
Care & custody						2	0	0		
Rehabilitation and case management						-74	2	1		
CORCAN (SOA)							-73	-78	-84	-95
Reintegration (CORCAN included)	-83	-84	-75	-75	-74					
Corporate services	1	1	1	1	0					
Internal services										0
Community supervision									0	0
<b>Total</b>	<b>-80</b>	<b>-82</b>	<b>-73</b>	<b>-73</b>	<b>-74</b>	<b>-72</b>	<b>-71</b>	<b>-77</b>	<b>-82</b>	<b>-94</b>

**Source: Correctional Service of Canada (CSC)**

It is not clear from the data provided by the CSC to the PBO as to what exactly is meant by "Other" expenditure category. Majority of the figures concern the business line of CORCAN.

**Figure 15-A: Historical Total Annual Parliamentary Appropriations for CSC**





## 15.1 Parliamentary Appropriation Specifically for "Truth in Sentencing Act"

The table below tabulates the total funding earmarked by the GC for the implementation of "Truth in Sentencing Act":

**Table 15-F: Total Parliamentary Appropriations for "Truth in Sentencing Act" To Date**

Estimates (\$ millions)	FY2009-10	FY2010-11	Total
Mains		87.2 <sup>41</sup>	87.2
Supps A			
Supps B	2.04 <sup>42</sup>		2.04
Supps C			
Total	2.04	87.2	89.24
<b>Source: Estimates documents, TBS</b>			

Thus, so far, the GC has appropriated \$89.24 million specifically for the purpose of implementing the "Truth in Sentencing Act". \$2.04 million was appropriated via Supplementary Estimates B in FY2009-10, and \$87.2 million was appropriated via Mains Estimates in FY2010-11. However, the PBO is not aware of the details or the breakdowns of this appropriated amount into individual components such as capital expenditure, O&M expenditures, etc.

<sup>41</sup> Estimates 2010-11, "The Government Expense Plan and The Main Estimates", <http://www.tbs-sct.gc.ca/est-pre/20102011/me-bpd/docs/index-eng.pdf>

<sup>42</sup> CSC Supplementary Estimates B, FY2009-10, <http://www.tbs-sct.gc.ca/est-pre/20092010/sups/B/PSEPC-SPPCC-eng.asp#bm04>

## 16

## 16. Addendum - Provincial and Territorial Correctional Facilities

Provincial/territorial corrections in Canada are responsible for offenders who receive custodial sentences of less than two years and federal inmates on Exchange of Service Agreements. In addition, they are responsible for housing persons charged with offences who have been "remanded" to custody while awaiting trial. Remand refers to persons who have been charged with an offence and ordered by the court to custody while awaiting a further court appearance. They have not been sentenced to custody or community service but can be held for a number of reasons (e.g., risk that they will fail to appear for their court date, risk to re-offend, etc.). The dual responsibility for sentenced and remanded inmates presents complications for managing the inmate population. For example, sentenced and remand inmates have to be considered as separate and distinct populations for purposes of accommodation planning, programming, etc. Inmates may be held in provincial/territorial facilities for several reasons. The legal statuses of inmates include:

- serving regular provincial/territorial sentence;
- serving an intermittent sentence;
- on remand; and,
- "Other" category, which includes those on temporary detention, immigration holds, etc.

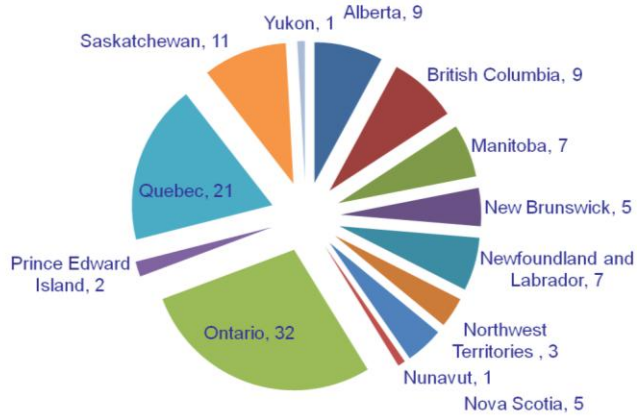
The definition of facility type varies across jurisdictions. Generally, correctional centers or penitentiaries are used to accommodate the majority of sentenced inmates; jail/detention centers are used for shorter term and remand inmates; and remand centers are reserved for inmates awaiting trial. Alternative minimum security facilities, such as camps, farms, day detention centers, treatment centers, and community residences, tend to be used for inmates who are at lower risk of causing disturbances or security incidents.

With the exception of Ontario and New Brunswick, which classified the largest proportion of their facilities as jail/detention centers, most other provinces/territories classified the largest proportion of their facilities as correctional centers.

The total "operational capacity" (i.e., the total number of permanent beds in each facility) for 114 provincial/territorial facilities in March 2010 was 26,711. The largest number of facilities and beds was in Ontario (9550 beds in 32 facilities, 36% of the total). In other

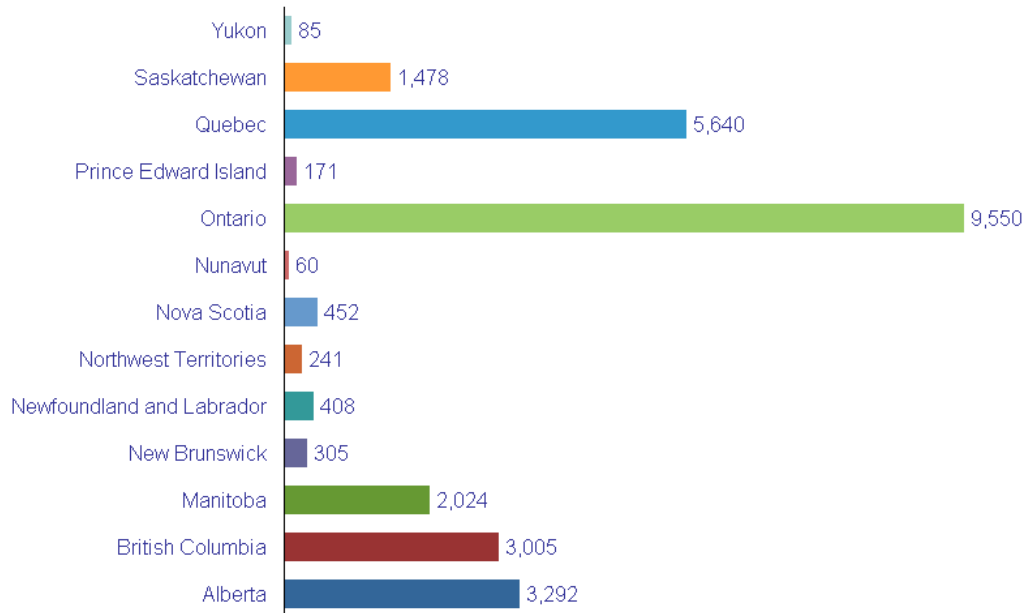
jurisdictions, operational capacities ranged from 60 beds in Nunavut (less than 1% of total) to 5,640 beds in Quebec (21.1% of the total).

**Figure 16-A: Provincial/Territorial Bed and Facility Locations Across Provinces and Territories**



Source: Provincial and territorial correctional departments

**Total existing provincial bed capacity (FY2009-10)**



Source: Provincial and Territorial correctional departments

Each jurisdiction defines security levels differently. However, generally:

- “Maximum” security facilities normally use high security fencing around the perimeter of the facility and inmate movement is often highly restricted within the facility;
- “Medium” facilities also use fences around perimeters, however, security is lower, and inmate movement is somewhat less restricted;
- “Minimum” facilities normally do not use fences to enclose buildings and inmate movement is generally unrestricted during most periods (except night); and,
- “Multi-level” facilities combine features of two or more of the security levels defined above. Some facilities use the same buildings to accommodate inmates classified at different security levels, while others use separate structures for each security level. Multi-level security facilities may be enclosed by fences.

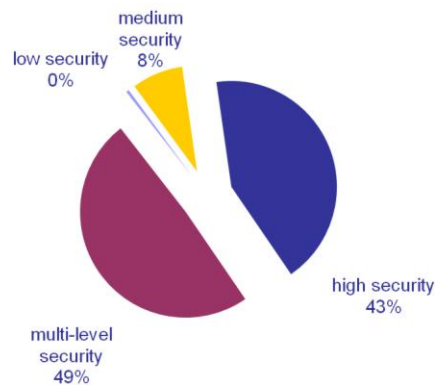
Almost half (49%) of the beds in provincial/territorial facilities were classified as maximum security and 39% were classified as multi-level security. Only 10% of beds in provincial/territorial facilities were classified as medium security, and just 2% as minimum security. Due to the fact that provinces and territories are responsible for housing persons charged with offences who have been “remanded” to custody while awaiting trial, provincial/territorial facilities are likely to show difference in security levels compared to the federal correctional service. Remanded inmates, who are being held temporarily, are typically housed in maximum or multi-level security facilities.

**Table 16-A: Total Provincial/Territorial Bed Capacity (FY2009-10)**

Summary of Bed Capacity		Centers	Beds
By security level	min	4	119
	med	23	2,094
	max	40	11,406
	multi	47	13,092
Total		114	26,711

**Source: Provincial and territorial correctional departments**

**Figure 16-B: Provincial/Territorial Bed Split by Security Type Across Provinces and Territories**



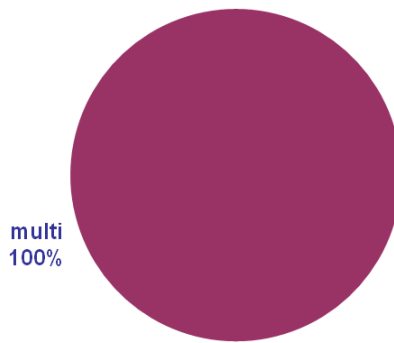
Source: Provincial and territorial correctional departments

## 16.1 PEI

There are two correctional facilities in PEI. Provincial Correctional Centre is a multi level facility with 87 cells and 103 beds. Double bunking can be seen at the rate of 1.18. A minimum-security 48-bed addition is under construction and is scheduled to open for June 2010. The second facility - Prince Correctional Centre – is a multi level facility with 15 cells and 15 beds.

In Prince Edward Island, both facilities were equipped to accommodate male and female inmates, as well as both adults and young offenders. Regarding special features, each facility was equipped with punitive/administrative segregation units, accommodations for the purpose of protective custody, and police lock-up or holding cells.

**Figure 16-C: PEI Capacity Split by Type**

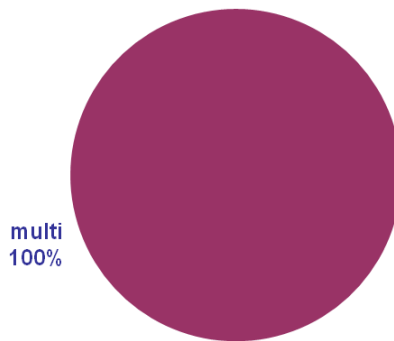


## 16.2 Manitoba

Based on data obtained for Manitoba on April 4, 2010, inmate capacity can be examined in two ways – through "Total Capacity" defined as the number of permanent beds in the facility, and through "Actual-In" population counts (i.e., inmates physically located at the facility on April 4, 2010).

Actual-in counts, provide a more accurate indication of overcrowding. Comparison of both Total Capacity and Actual-In counts allows an examination of the total number of inmates that facilities are responsible for, as well as it shows the double bunking rate of 1.45 (rated capacity of 1408 vs. actual in house count of 2044). All of the capacity is in multi-level security facilities.

**Figure 16-D: Manitoba Capacity Split by Type**



### 16.3 Ontario

Ontario receives the biggest proportion of bed capacity – 41.1% of all provincial/territorial facilities in the country. There is clear identification of the facilities as: Correctional Centers; Jails and Detention Centers and Treatment Centers.

- Correctional Centers
  - Correctional centres house sentenced offenders typically serving periods of incarceration from 60 days to a maximum of two years less a day.
  - Offenders serving their sentences in correctional centres are eligible for education, counseling and work experience programs.
- Jails and Detention Centers
  - Jails are older, generally smaller institutions originally established by counties or other municipalities.
  - Detention centres are larger, more modern facilities built to serve the needs of several regions.
  - Jails and detention centres serve as the point of entry into the institutional system. They hold:
    - persons on remand (awaiting trial, sentencing or other proceedings);
    - offenders sentenced to short terms (approximately 60 days or less); and,
    - offenders awaiting transfer to a federal or provincial correctional facility.
  - Both types of facilities are maximum security.
- Treatment Centers
  - Treatment centres provide specialized and intensive treatment for motivated offenders with clearly identified problems relating to substance abuse, sexual misconduct, impulse control and anger management.
  - These facilities are staffed by professional clinical personnel employed by, or under contract to, the Ministry of Community Safety and Correctional Services.

Figure 16-E: Ontario Capacity Split by Type



The distribution of beds by security level is predominantly maximum security (74%), medium security level facilities represent 8%, and the rest, 18% are multi level facilities, which comprise of some minimum level capacity.

### 16.4 British Columbia

The Corrections Branch operates nine correctional centers. More than three-quarters (78%) of the beds in British Columbia’s facilities are classified as maximum security, 22% as medium security.

**Figure 16-F: BC Capacity Split by Type**

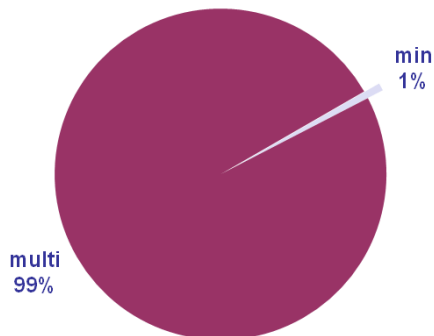


The largest proportion of British Columbia’s facilities (7 of 9) were classified as correctional centers, the other two are Pretrial Centers. Keeping in mind the number of cells and the number of beds in BC facilities, BC experiences one of the worst double bunking rates in the country – 1.76 on average. 5 facilities have rate of 1.90 and above, another one is at 2, and another one is at 2.03, which practically means 3 beds in some cells.

### 16.5 Alberta

Alberta uses almost exclusively multi level facilities. Eight out of nine facilities are designated as multi-level security type. One centre only, with the smallest number of beds (24) is a designated as minimum-security level facility.

**Figure 16-G: Alberta Capacity Split by Type**



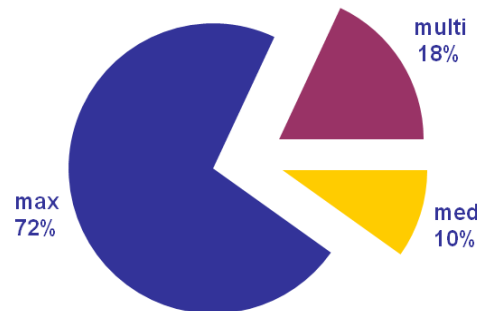
Alberta houses 14.2% of all inmates in provincial/territorial facilities. To accommodate the increasing number of offenders in recent years the authorities are constructing extension of the Edmonton Remand Centre. Currently, remanded inmates are being sent to the Fort Saskatchewan Correctional Centre.

## 16.6 New Brunswick

New Brunswick houses just 1.2% of provincial/territorial inmate population with 305 beds. Most of the facilities (72%) are maximum security, 10% medium and 18% multi-level security, where minimum security level inmates are housed.

Unlike many jurisdictions, which classify the largest proportion of their facilities as correctional centers, the largest proportion of facilities in New Brunswick (3 out of 5) was classified as jail/detention centers. Two facilities were classified as correctional centers. Two of the five facilities housed both male and female inmates.

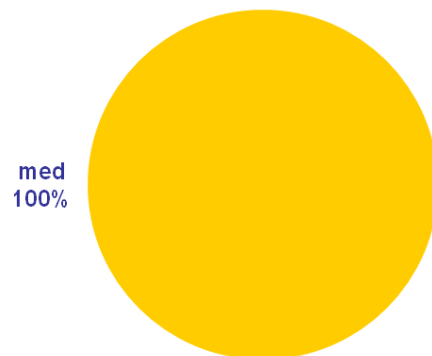
Figure 16-H: New Brunswick Capacity Split by Type



## 16.7 Newfoundland and Labrador

All seven facilities in Newfoundland and Labrador are designated as medium security level. The province houses 1.7% of all provincial/territorial inmate population with 408 beds. The double bunking rate in the province is among the highest in the country – 1.77 on average. Three facilities have 2 or more, and one has 2.28. There is one facility only for female offenders and two are with mixed gender profile.

Figure 16-I: Newfoundland and Labrador Capacity Split by Type

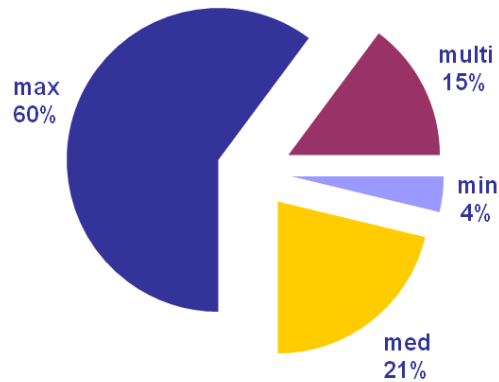


## 16.8 Nova Scotia

Nova Scotia houses only 1.8% of provincial/territorial inmate population with 408 beds in 5 facilities. 60% of the province's capacity is dedicated to the maximum security level, while 21% is medium, 15% is multi and just 4% is in the minimum security spectrum.



Figure 16-J: Nova Scotia Capacity Split by Type



All of Nova Scotia’s facilities were classified as correctional centers.

### 16.9 Saskatchewan

Saskatchewan houses 6% of provincial/territorial inmate population in 1011 cells, with 1478 beds in 11 facilities. This indicates a double bunking rate of 1.3 on average for all 11 facilities. Six facilities accommodate 1 bed per cell, however three facilities are more densely populated – one has a rate of 1.96, another – 2.02, and the third – 2.06.

Saskatchewan’s facilities are predominantly maximum security (87%).

Figure 16-K: Saskatchewan Capacity Split by Type



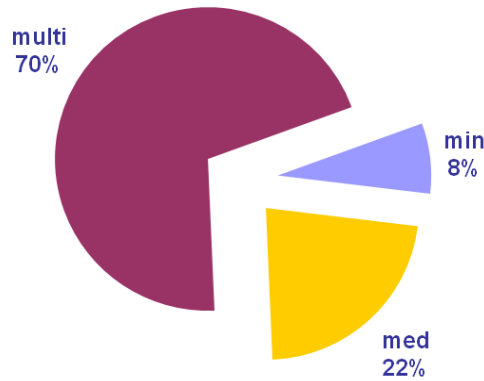
Two facilities are exclusively for female offenders and the rest are for males.

### 16.10 Northwest Territories

There are only three correctional facilities in the Northwest Territories. They have a 241-bed capacity, which translates into 1% of the total Canadian provincial/territorial inmate capacity. The territory shows that 70% of its capacity is in facilities with more than 1 security level. 22% are rated medium level and 8% are minimum-security facilities. Female offenders are housed in a special minimum-security sector of the Fort Smith

Correctional Complex, which is a mixed gender profile facility - (18 beds for female offenders and 21 for male).

**Figure 16-L: Northwest Territories Capacity Split by Type**



### 16.11 Yukon

Yukon has the second smallest share of the total Canadian provincial/territorial inmate capacity. There are only 85 beds in the maximum-security facility - Whitehorse Correctional Centre.

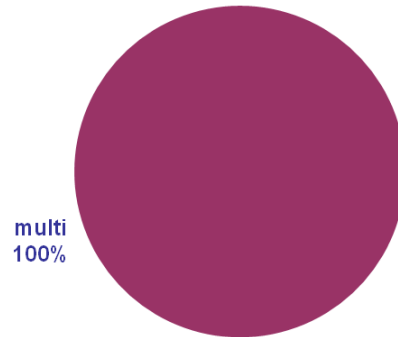
### 16.12 Nunavut

Nunavut has the smallest share of the total Canadian provincial/territorial inmate capacity. There are only 60 beds in the minimum-security facility. The facility also has 4 segregation cells.

### 16.13 Québec

Québec has 21% of the total Canadian provincial/territorial inmate capacity. All facilities in the province are rated as multi security level. Almost all facilities have cells exclusively for single occupancy and others for double occupancy (with 2 permanent beds). This is due to the fact that the facilities are comprised of sectors with different security level designations. Single occupancy cells are most likely to be present in maximum-security level section of the facility; double occupancy cells are most likely to be found in medium or minimum-security sector. Minimum-security sectors can be organized as Dorms as well. All facilities (except one - Havre-Aubert), have segregation units.

**Figure 16-M: Québec Capacity Split by Type**



Among provincial/territorial facilities, one-half (51%) accommodated only male inmates, and a further 42% housed both male and female inmates. Seven percent of provincial/territorial facilities accommodated only female inmates.

## 17. Addendum - Letter from CSC Commissioner to the Standing Senate Committee on Legal and Constitutional Affairs



Correctional Service Canada / Service correctionnel Canada

Commissioner / Commissaire  
Ottawa, Canada  
K1A 0P9

Your file / Votre référence

Our file / Notre référence

OCT 23 2009

Ms. Jessica Richardson  
Procedural Clerk  
Standing Senate Committee on Legal and Constitutional Affairs  
The Senate of Canada  
Ottawa, Ontario  
K1A 0A4

Dear Ms. Richardson:

As Commissioner of the Correctional Service of Canada (CSC), I appeared before the Standing Senate Committee on Legal and Constitutional Affairs, on September 30, 2009, to discuss how CSC will respond to the implementation of Bill C-25, an Act to Amend the Criminal Code (limiting credit for time spent in pre-sentencing custody). During that meeting, I was asked to provide certain additional information.

Senator Charlie Watt asked about the funding allocated in CSC's budget for Aboriginal initiatives. Attached you will find, at Appendix 1, a chart which provides a breakdown of Aboriginal funding for the current fiscal year (2009-2010), the next fiscal year (2010-2011), and ongoing (fiscal year 2011-2012 and on).

Senator Watt then went on to ask about the number of Aboriginal offenders who benefit from programs before they are released. To provide context in terms of the federal Aboriginal offender population, from fiscal years 2004-2005 to 2008-2009, there was a total of 27,140 federal offenders released to the community, of whom 4,856 were Aboriginal.

Of these 4,856 Aboriginal offenders, 3,376 participated in a correctional program while incarcerated (804 offenders participated in an Aboriginal-specific correctional program and 2,572 participated in a national correctional program). The remaining 1,480 Aboriginal offenders did not participate in any program.

It should be noted that, the total number of enrolments in Aboriginal correctional programs for the period starting 2004-2005 to 2008-2009 is 1,825 offenders. The total number of enrolments in national correctional programs by Aboriginal offenders for the period of 2007-2008 to 2008-2009 is 2,706 offenders.

Canada

The total expenditures on Aboriginal-specific correctional programs is \$2,222,753 for fiscal year 2007-2008 and \$2,388,402 for fiscal year 2008-2009.

In terms of the participation rates in programs for both Aboriginal, and non-Aboriginal, offenders, I have the following to provide:

**Offender Program Participation Rates Prior to Release  
Period Covering Last Five Fiscal Years (2004-2005 to 2008-2009)**

	<b>Aboriginal Offenders</b>	<b>Non-Aboriginal Offenders</b>	<b>Total</b>
Aboriginal Correctional Programs	804	71	875
National Correctional Programs	2,572	13,510	16,082
No Correctional Programs	1,480	8,703	10,183
<b>Total</b>	<b>4,856</b>	<b>22,284</b>	<b>27,140</b>

A third, and final, question was raised by Senator Joan Fraser, Chair of the Committee, who asked about the cost of building a new prison.

Actual prison construction costs will vary by location, size, composition, site and ground conditions, availability of services, prevailing market conditions and other project-specific factors. However, the order-of-magnitude capital costs are as follows:

- Maximum security: 400 cell institution \$240 million
- Medium security: 600 cell institution \$240 million
- Minimum security: 250 bed institution \$65 million

These estimates include all buildings and systems, site development, site services and infrastructure, security installations, telecommunications and electronics, furniture and equipment, planning, design and project management fees. Excluded from these estimates are the costs for land acquisition and development charges.

In closing, I would like to thank the Senate Committee for inviting me to share information regarding how CSC will respond to the implementation of Bill C-25 should the Bill become law. I would also like to take this opportunity to reiterate that, although the enactment of this Bill will generate new challenges, CSC will continue to fulfill its mandate to manage the sentences of federal offenders, and to ensure that we deliver the public safety results that Canadians expect, every day.

- 3 -

I trust this information will respond adequately to the Senators' questions. Additional information about the CSC is available on our website at: [www.csc-scc.gc.ca/](http://www.csc-scc.gc.ca/).

Sincerely,

A handwritten signature in black ink, appearing to read "D. Head", written in a cursive style.

Don Head

Attachment

Appendix 1  
Appendice 1

	2009-10	2010-11	2011-12 & Onwards
Funding for Aboriginal Initiatives 2009-10 Financement pour initiatives autochtones 2009-10			
Budget 2008 (Integrity Funding) - Budget 2008 (Financement d'intégrité)			
Aboriginal Community Development Officers Agents de développement auprès de la collectivité autochtone	\$ 400,000	\$ 400,000	\$ 400,000
Northern Corrections framework Structure pour corrections au grand Nord	\$ 300,000	\$ 300,000	\$ 300,000
Budget 2009 (Strategic Review/Reinvestment) - Budget 2009 (Examen Stratégique)			
Strategic Review Reinvestment - Aboriginal Pathways Units Revue Stratégique Reinvestissement - Unités autochtones "Pathways"	\$ 1,854,000	\$ 3,090,000	\$ 6,502,800
Strategic Review Reinvestment - Aboriginal Correctional Programs Revue Stratégique Reinvestissement - Programmes correctionnels pour autochtones	\$ 1,198,000	\$ 2,404,000	\$ 5,190,000
<b>TOTAL</b>	<b>\$ 3,752,000</b>	<b>\$ 6,194,000</b>	<b>\$ 12,392,800</b>

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