



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Christine Milne
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request, *Access to Justice* (letter of 29 August 2013).

The response to this request will be released on the PBO website (www.aph.gov.au/pbo).

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

✍ September 2013



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Access to Justice
Summary of proposal:	<p>The proposal would enhance access to justice by:</p> <ul style="list-style-type: none">• increasing legal aid funding by 50 per cent• doubling funding to community legal centres• doubling funding for Indigenous family violence prevention legal services• increasing funding to Indigenous legal assistance services, including Aboriginal and Torres Strait Islander Legal Services by 50 per cent• addressing the impact of rising court fees by returning court fees to 2010-11 levels• amending the application form for exemptions from court fees to remove ambiguity, and• introducing a fee exemption category for clients who are being represented on a pro bono basis. <p>The intention of the proposal is to enhance access to legal assistance.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	29 August 2013
Date costing completed:	4 September 2013
Date of public release of policy:	15 August 2013
Additional information requested (including date):	On 2 September 2013, clarification was sought on the duration of each element of the proposal.
Additional information received (including date):	On 3 September 2013, Senator Milne's Office advised that all elements of the proposal would be ongoing.
Agencies from which information was obtained:	Attorney-General's Department (AGD)

POLICY COSTING – ELECTION CARETAKER PERIOD

Costing overview

This proposal is expected to decrease both the underlying cash balance and fiscal balance by \$866.5 million over the 2013-14 Budget forward estimates period. This impact is due to an increase in expenses associated with increasing funding for legal aid and legal assistance services and a reduction in revenue as a result of reducing federal court fees.

This proposal will have an ongoing impact beyond the forward estimates in the order of the amount reflected in 2016-17 with indexation.

The amendment to the fee exemption application form is not expected to have a financial impact as the PBO considers this activity to be a core departmental function. Additionally, the introduction of a fee exemption category for clients who are being represented on a pro bono basis is expected to have a negligible financial impact and is not included in this costing as most recipients of pro bono assistance currently qualify for fee exemptions under the financial hardship test (see [Data sources](#)).

No departmental funding has been included for elements of this costing related to increasing funding for legal aid and legal assistance services. The PBO considers that there will be minimal additional workload from providing increased funding to the same number of recipients. In addition, measures in the 2013-14 Budget which increased funding for legal assistance services provided no additional departmental funding to AGD.

A breakdown of the impact on each element of the proposal is included at [Attachment A](#).

This costing is considered to be of medium to high reliability because a large proportion of the proposal is based on capped funding increases to existing programs.

The estimates in this costing differ marginally from those presented in the costing request because current funding for the relevant programs have been updated for the 2013 Pre-election Economic and Fiscal Outlook (PEFO).

Table 1: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-284.7	-288.6	-293.1
Fiscal balance (\$m)	-	-284.7	-288.6	-293.1

(a) A negative number for the fiscal balance indicates an increase in expenses and a decrease in revenue in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses and a decrease in revenue in cash terms.

Key assumptions

The PBO has assumed that, based on an examination of court workload statistics, federal court revenue has increased since 2010-11 predominately as a result of measures to increase fees in the 2010-11 Budget, 2012-13 Budget and 2012-13 MYEFO. Therefore, reversing these measures is a reasonable estimate of the reduction in fee revenue as a result of the proposal.

POLICY COSTING – ELECTION CARETAKER PERIOD

Methodology

The costing is calculated by adding the following two components:

Increasing funding

As per the costing request, 2014-15 estimates as at the 2013 PEFO for the relevant programs are doubled or increased by 50 per cent. This amount is then indexed to determine the cost estimates in 2015-16 and 2016-17. A breakdown of the financial implications is included at Table A1 of Attachment A.

Reducing federal court fees

The cost of reinstating federal court fees to 2010-11 levels is derived by adding the financial impacts of reversing the related court fee-increase components of the 2010-11 Budget, 2012-13 Budget and 2012-13 MYEFO measures (see Data sources). This cost is partially offset by a small reduction in departmental funding provided to various agencies to administer the past increases to federal court fees.

Financial implications in the 2013-14 Budget forward estimates period for these measures were calculated by applying a compound annual growth rate, derived from the measures' profiles. A breakdown of the financial implications is included at Table A2 of Attachment A.

Data sources

2013 PEFO estimates for the relevant programs were obtained from AGD

2010-11 Budget Paper No.2 measure: *Improving Access to Justice* (page 103)

2012-13 Budget Paper No.2 measure: *Court fee increases* (page 10)

2012-13 MYEFO measure: *Courts - additional funding and changes in fees* (page 198)

Senate Inquiry: Impact of federal court fee increases since 2010 on access to justice in Australia, June 2013:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=legcon_ctte/court_fees/report/index.htm

National Pro Bono Resource Centre: National Law Firm Pro Bono Survey Final Report, January 2013:

https://wic041u.server-secure.com/vs155205_secure/CMS/files/cms/National%20Law%20Firm%20Pro%20Bono%20Survey%202012%20-%20Final%20Report.pdf

POLICY COSTING – ELECTION CARETAKER PERIOD

ATTACHMENT A: DETAILED BREAKDOWN OF COSTING

Increasing funding

Table A1: Financial implications (outturn prices)^(a)

Underlying cash and fiscal balance impacts (\$m)	2013-14	2014-15	2015-16	2016-17
Increasing legal aid funding by 50 per cent	-	-111.4	-113.2	-115.3
Doubling funding to community legal centres	-	-46.3	-47.0	-47.9
Doubling funding for Indigenous family violence prevention legal services	-	-21.3	-21.7	-22.1
Increasing funding to Indigenous legal assistance services	-	-59.9	-60.8	-61.9
Total impact	-	-238.9	-242.7	-247.1

(a) A negative number indicates an increase in expenses in both accrual and cash terms. Amounts may not sum due to rounding.

Reducing federal court fees to 2010-11 levels

Table A2: Financial implications (outturn prices)^(a)

Underlying cash and fiscal balance impacts (\$m)	2013-14	2014-15	2015-16	2016-17
<i>2010-11 Budget measure: Improving Access to Justice</i>				
Revenue	-	-16.8	-16.9	-17.0
<i>2012-13 Budget measure: Court fee increases</i>				
Revenue	-	-22.0	-22.0	-22.0
Expense	-	0.9	0.9	0.9
<i>2012-13 MYEFO measure: Courts - additional funding and changes in fees</i>				
Revenue	-	-7.9	-7.9	-7.9
Total impact	-	-45.8	-45.9	-46.0

(a) A negative number indicates decrease in revenue in both accrual and cash terms. A positive number indicates a decrease in expenses in both accrual and cash terms.