



Social and Economic Costs and Benefits of Community Legal Centres

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The Sector

- Around 200 CLCs in metro, regional, rural and remote areas
- Legal info, advice, casework, CLE, Law Reform
- 168,000 info & referrals, 247,000 advices, 68,000 cases, 2,869 CLE, 1,051 P& LR
- CLSP Fed/State funding on around \$47m pa



The questions

- Public policy, economically, largely about allocation of scarce resources, competing needs, and where need typically > funds
 - What are the economic benefits delivering justice outcomes through CLCs compared with the costs of funding them?
 - Do be the economic benefits justify 'investment' in the sector?
 - What is an appropriate framework to use in the Economic Impact Assessment?



The framework

- Draws on concepts and methodologies of the economics of public policy & role of government
 - An expression of '**equity**' re access to justice for those otherwise excluded ('initial allocation of resources')
 - Social and economic value (generally a cost but can be delivered in a 'cost-effective' way)
 - And of economic **efficiency** in allocation of resources
 - Optimises the benefit across the 'whole of society' so all end up as well of as can be with what resources are available, given the initial allocation of resources ('maximise utility')
 - Provision of goods and services based on how govt sees its role ('**public goods**')



The framework

- How do CLCs meet public policy obs of gov?
 - Fundamentally an expression of **‘equity’**
 - **‘Public good’** provided for government
 - Assist in the ‘efficient’ operation of the market (legal services):
 - Assist in the ‘proper operation of the legal system’ by providing access to justice, from which we all benefit
 - More cost effective delivery of ‘public goods’
 - Avoid unintended consequences of the law (‘externalities’) through prevention, holistic case management, timely intervention, empowerment



The framework

- ‘Cost-benefit analysis’:
 - Preferred method of government
 - Whole of community approach rather than the financial ‘bottom line’ of a department
 - Direct and hidden costs and benefits
 - Transparent comparison with stated assumptions, and the ‘do nothing case’
 - Quantitative and qualitative assessment
 - Reports a ‘cost-benefit ratio’ (1:?)



Other studies

- Price Waterhouse Coopers (2009) *Economic value of legal aid*, National Legal Aid
 - Primarily financial, with CBR of around 1:2
- KPMG (2008) *Family dispute resolution services in legal aid commissions – Evaluation Report*:
 - Financial appraisal and narrow in scope
- Attorney-General's Department and Institute for Sustainable Futures (2006) *The Economic Value of Community Legal Centres*, NACLC:
 - Looked at only 3 non-randomly selected case studies



Methodology

- Selection of community legal centres
- Assessment of operating costs
- Random selection of 160 matters
- Evaluation of matters using the framework
- Discussion and review with community legal centre staff
- Finalisation and quantification of benefits
- Calculation and reporting of benefit cost ratio
- Interviews with key staff on programs provided by each centre to describe qualitative benefits



Key Findings

- On average, CBR of 1:18 (major infrastructure typically 1:2 or 1:3)
- Conservative approach, but still 1:9 even if out by a factor of '2'
- More than enough to justify the program in economic terms using an appropriate and robust methodology



Key Findings

- Info, advices & cases similar unit value, but more info & advices so > econ benefit
- Individual matters show large variation in economic benefit:
 - Some very large CBR
 - Others best thought of as equity measures and of social value
 - Highest economic benefit from avoidance of 'externalities' like homelessness, relationship breakdown, child abuse, institutionalisation



Examples: Proper operation of the law

Case study 1:

- *The client's previous partner was subject to an intervention order and was in jail for breaches of that order and was to be released shortly. The client feared for her safety and that of her child. She was advised to report a previous breach of the intervention order and was referred to a range of support services. If the intervention order was not further enforced, it would become meaningless and would not serve its function of preventing violence.*



Examples: Proper operation of the law

Case study 3:

The client suffered a serious workplace injury while working as an apprentice. The injury was poorly managed with the employer originally claiming that the client was a subcontractor rather than an employee. A settlement was offered but appeared low in view of the client's uncertain future earning capacity. The client suffered depression as a result of his injury. The community legal centre arranged for the client to be represented by a commercial firm, with a positive outcome.



Examples: Proper operation of the law

Case study 6:

- *The client was a disability pensioner. He was one week behind in his rent and had arrears with regard to other debts, owing a total of \$515 including his back rent. The community legal centre negotiated with the Real Estate Agent for the client to pay an extra \$60 per fortnight to reduce the debt and arranged with Centrelink to take an additional amount from his payments until his debts were paid off. The average cost of a rental tribunal hearing, around \$430, was saved, as were any administrative costs that would be incurred by the Real Estate Agent in pursuing the matter.*



Examples: Avoidance of Externalities

Case study 8:

- The client had a daughter who was developmentally delayed and had behavioural problems, causing her to act violently at times. The response of the client or her neighbours was to contact the police. Due to the number of call outs, and because of concerns for the safety of a younger brother, police sought a violence order. This would most likely have resulted in a breach, meaning that the daughter could no longer live at home. The community legal centre facilitated a range of negotiations resulting in the daughter providing a limited undertaking and a number of supports being put in place. While it is important to avoid the costs of assault, estimated at around \$5,750 for a significant assault, the cost of providing residential accommodation support is a much greater cost to the community at around \$112,000 per annum per client, or a one off cost over twenty years of \$1.2 million. This cost was avoided.*



Conclusions

- The economic benefits provide strong justification for CLCs
- CBR of 1:18 = \$47m:\$846 m pa
- Not everything can (or should) be quantified under the equity and efficiency aims of govt
- But those that can be indicate a very high rate of return of investment of the community's resources

