Submission to Australian Government Federal Budget 2016-2017





National Association of Community Legal Centres

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Overview

This submission is made by the National Association of Community Legal Centres (NACLC), which is the peak body for Community Legal Centres (CLCs) in Australia,¹ to inform Federal Government priorities and decisions with respect to the 2016-2017 Federal Budget.

There is significant and rising demand for legal assistance in Australia. CLCs turn away over 150,000 people seeking legal assistance each year, largely due to a lack of resources. Unresolved legal problems generate a range of flow-on effects, including multiple and related problems and significant costs to the government and broader community. Community legal centres, as part of the legal assistance sector, play a crucial and effective role in assisting people resolve their legal problems and in meeting such demand.

Community legal centres provide direct assistance to over 200,000 clients each year. CLCs are efficient and innovative providers of free legal assistance to vulnerable and disadvantaged members of the community and the work of CLCs generates savings to governments and the community as a whole. For example, as the Productivity Commission has noted, 'legal assistance services can prevent or reduce the escalation of legal problems, which in turn can mean reduced costs to the justice system and lower costs to other taxpayer funded services (in areas such as health, housing and social security payments).'²

However, CLCs are not funded adequately to meet existing and increasing demand for services and are facing funding cuts. For the legal assistance sector broadly, the 'total quantum of funds allocated is not sufficient to achieve governments' stated priorities'³ and 'the global funding envelope provided to legal assistance providers by Australian governments should be broadly related to the costs associated with meeting these priorities',⁴ which is not currently the case. In addition, the funding provided to CLCs in particular is inadequate and represents only approximately 12% of the overall Commonwealth funding for the legal assistance sector.

Further, inconsistent Government investment in CLCs and legal assistance services across jurisdictions, limited cooperation between the Federal and State and Territory Governments around funding and the absence of a sustainable federated approach to funding, despite the new National Partnership Agreement on Legal Assistance Services, all contribute to the challenges in solving the crisis in legal assistance. There is also a clear gap- there has been and continues to be no transparent, public or evidence-based assessment of what the overall quantum of funding for legal assistance should be in Australia to meet legal need.

In the current economic environment, and in light of significant and rising demand for legal assistance, it is important that Federal, State and Territory Governments invest in the legal assistance sector. A failure to fund CLCs is leading, and will continue to lead, to serious consequences for people with legal problems, the justice system and the community more broadly.

¹ NACLC's members are the eight State and Territory Associations of Community Legal Centres.

² Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014) 666.

³ Ibid 741.

⁴ Ibid 743.

There are a range of Budgetary, administrative and policy steps the Federal Government could take to address the crisis in legal assistance.

In this submission NACLC makes a number of recommendations for reform. In particular, NACLC recommends two short-term funding measures:

- reversal of the national funding cuts to CLCs under the National Partnership Agreement on Legal Assistance amounting to \$34.83 million over the period 2017-18 to 2019-2020; and
- an immediate injection of \$120 million per year into the legal assistance sector, consistent with the recommendation made by the Productivity Commission, including at a minimum \$14.4 million per year to CLCs which over the remaining period of the NPA, until 2019-2020, would equate to an additional \$57.6 million.

NACLC also recommends development of an appropriate process for determining adequate and sustainable longer-term funding contributions to the legal assistance sector by both Federal and State and Territory Governments, in consultation with the sector as well as making a number of other recommendations about the sector as a whole.

NACLC also makes a number of recommendations in relation to Family Violence Prevention Legal Services and Aboriginal and Torres Strait Islander Legal Services, based on the 2016-2017 Federal Budget submissions made by the National Family Violence Prevention Legal Services Forum and National Aboriginal and Torres Strait Islander Legal Services, which NACLC endorses.

NACLC would welcome the opportunity to engage further with the Treasury in relation to these issues. The most appropriate contact person for this submission is:

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Summary of Recommendations

Recommendation 1: Reverse the \$12.1 million funding cut to Community Legal Centres nationally in 2017-2018, the \$11.6 million cut in 2018-2019 and the \$11.13 million cut in 2019-2020 (amounting to a \$34.83 million cut over the period 2017-18 to 2019-2020) under the National Partnership Agreement on Legal Assistance Services.

Recommendation 2: Implement the Productivity Commission's recommendation from its Access to Justice Arrangements Inquiry and provide an immediate injection of \$120 million per year additional funding into the legal assistance sector, including at a minimum an additional \$14.4 million per year to community legal centres.

Recommendation 3: Commit to implementing an appropriate process for determining adequate and sustainable longer-term funding contributions to the legal assistance sector by both Federal and State and Territory Governments, in consultation with the sector.

Recommendation 4: Provide funding for a regular national survey of legal need, similar to the *Legal Australia-Wide (LAW) Survey* undertaken in 2008, to examine met and unmet legal need in Australia.

Recommendation 5: Amend the National Partnership Agreement on Legal Assistance Services 2015-2020, with the agreement of State and Territory Governments, to remove the restriction on the use of Commonwealth funding by Community Legal Centres to undertake law reform and policy advocacy work.

Recommendation 6: Reinstate the Family Violence Prevention Legal Services as a stand-alone national programme and provide it with a direct allocation of funding.

Recommendation 7: Provide additional funding to Family Violence Prevention Legal Services, including:

- (a) \$2 million per year to each existing Family Violence Prevention Legal Service; and
- (b) funding to achieve national coverage of Family Violence Prevention Legal Services commensurate to need (with a specific focus on meeting need in metropolitan and urban locations) within 5 years.

Recommendation 8: Commit to at least 5-year funding agreements with Family Violence Prevention Legal Services to ensure funding certainty.

Recommendation 9: Provide the National Family Violence Prevention Legal Services Forum with \$4.5 million additional funding per year and commit to long-term funding and support of the Forum.

Recommendation 10: Reverse the \$4.428 million funding cut to Aboriginal and Torres Strait Islander Legal Services from 2017-2018 and further funding cuts in 2018-2019.

Recommendation 11: Increase total Commonwealth funding to Aboriginal and Torres Strait Islander Legal Services to \$90 million per year.

Recommendation 12: Provide National Aboriginal and Torres Strait Islander Legal Services with additional funding and commit to long-term funding and support of National Aboriginal and Torres Strait Islander Legal Services.

Improving Access to Legal Assistance for Vulnerable and Disadvantaged People

What is the Problem?

People experiencing legal problems in Australia are increasingly unable to access legal assistance.

A number of inquiries and reviews have made clear that there is significant unmet legal need in Australia⁵ and CLCs are reporting rising demand for services and turn away rates.

For example, the results of the 2013 Australian Council of Social Services Community Sector Survey revealed that 63 per cent of legal service providers were not able to meet demand. The 2014 NACLC National Census showed that over 150,000 people were turned away from CLCs in 2013-2014 in large part due to a lack of resources. Importantly however, turnaway data is not yet consistently collected by CLCs and these rates do not take into account the large numbers of people who, for a range of reasons often associated with compounded disadvantage, do not seek legal help.

This is occurring against the backdrop of underfunding of the legal assistance sector (for example, Australia is one of the lower funding nations of legal assistance services on a per capita basis)⁶, and proposed further reductions to funding.

The effect of this is that people who are experiencing legal problems are unable to access legal assistance in many cases, and this crisis in legal assistance is worsening.

What Are Community Legal Centres and How Do They Help?

There are four publicly funded legal assistance providers in Australia—Community Legal Centres (CLCs), Legal Aid Commissions (LACs), Aboriginal and Torres Strait Islander Legal Services (ATSILS) and Family Violence Prevention Legal Services (FVPLS).

CLCs are independent, non-profit, community-based organisations that provide free and accessible legal and related services to disadvantaged members of the community, and to people with special needs or who are for other reasons vulnerable and at risk.

There are 189 CLCs nationally. The CLC sector includes generalist CLCs that provide legal assistance in a wide range of areas of law people in their local community, including in relation to family law and family violence, credit and debt, consumer law, social security, migration, tenancy, discrimination, employment and child protection.

There are also specialist CLCs which provide services to a particular target group and/or in a particular specialist area of law. For example, there are specialist services for women, tenants, consumer and credit, welfare rights, immigration and refugee applications, older persons, children and youth, and people with disability, among others.

⁵ See, eg, Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014); Senate Legal and Constitutional Affairs Reference Committee, Access to Justice (2009); C Coumarelos et al, Legal Australia-Wide Survey: Legal Need in Australia, Law and Justice Foundation of NSW (2012); Indigenous Legal Needs Project; ACOSS, *Australian Community Sector Survey 2013: National Report*, ACOSS Paper 202 (2013).

⁶ See, eg, Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014) 735.

The work of CLCs

Community legal centres provide legal advice, legal information and referrals and casework. CLCs also utilise a range of early intervention and preventative strategies such as community legal education and community development, individual skill building, systemic advocacy and law and policy reform activities. More broadly, CLCs also play a key role in community engagement, developing and facilitating partnerships between legal assistance providers and legal and non-legal services, and developing and maintaining referral networks and protocols.

The service delivery model of CLCs is a holistic one—in addition to employing lawyers and providing legal services, their work is both responsive, in providing legal services as needed, and proactive, in that they attempt wherever possible to assist people in resolving the causes of their legal problems.

In 2014-2015, CLCs assisted 216,876 clients across Australia and provided:

- 271,695 advices
- 252,894 referrals
- 189,119 informations

Family law and family violence

In 2013-2014, the top 3 specialist areas or client groups for CLCs were:

- 1. Family law
- 2. Domestic/family violence
- 3. Services for Aboriginal and/or Torres Strait Islander peoples

CLCs are at the forefront of legal responses to family violence. NACLC and the sector welcomed the Government's announcement that \$15 million of the Women's Safety Package would be used to establish 12 new specialist domestic violence units and fund five health justice partnerships within existing legal assistance services located in domestic violence 'hot spots'. While not all of this funding was provided to CLCs, this decision illustrates not only the Government's commitment to addressing family violence, but that CLCs are a vital part of the legal framework in responding to and addressing family violence moving forward.

Importantly however, this additional funding does not offset the funding cuts CLCs face from 2017 and funding for the family violence work of CLCs alone is not sufficient. The flow-on effects of family violence are clear in a range of the other work CLCs undertake, including for example the impact of family violence on credit and debt, tenancy, homelessness and access to social security.

CLCs are efficient and innovative

CLCs are committed to achieving the best possible outcomes for their clients through continuous quality improvement and the delivery of efficient, effective and innovative services.

CLCs are at the forefront of leveraging better outcomes through collaborations within the legal assistance service system and with other sectors through, for example, the establishment of Health Justice Partnerships. Through effective collaboration with health, and other, professionals, this model is delivering better health outcomes for vulnerable people by providing access to justice at the front line of service delivery. The success of this innovative approach has been recognised by the Australian Government in providing additional funding to CLCs around Australia to deliver Health Justice Partnerships under the Women's Safety Package. CLCs also continue to forge new cross-sector partnerships through the delivery of community legal education to a wide range of audiences aimed at empowering vulnerable people to prevent and avoid the escalation of legal issues.

In addition, the extent of volunteer involvement that CLCs are able to garner sets them apart from the other legal assistance providers and significantly increases their capacity and extends areas of expertise. For example, in 2013-2014, the NACLC National Census revealed that over 6,543 volunteers contributed a total of 776,178 hours of work. NACLC estimates that the total return on investment amount, (that is the monetary contribution of volunteer lawyers and law students in 2013-2014 with a deduction for time spent by CLC staff on induction, supervision and training) was \$8.47 million.

CLCs are also effective at gaining significant pro bono contributions from private law firms, adding to both their service delivery capacity but also saving money in other areas of their operations, money that is put to legal service delivery. For example, in 2013-2014 over 72,000 hours were contributed by pro bono partners to CLCs across Australia. It is, however, important to recognise that pro bono resources are only available in limited supply and that the resources required to establish and maintain pro bono relationships can be significant. Whilst CLCs will continue to utilise the valuable support of pro bono lawyers, the scope for leveraging greater efficiencies via these important relationships is limited.

CLCs are well versed in leveraging the maximum client benefit from the resources available to them. Across Australia CLCs are proactively examining any possible opportunities for further efficiency. Where assessed as valuable, such approaches build on the already highly efficient nature of CLC operations, which already generally operate on extremely tight budgets.

Continuous quality improvement in CLCs is driven through the industry-led National Accreditation Scheme. Under this Scheme all CLCs are required to demonstrate how they comply with key quality standards for service delivery and also develop a plan for continuous improvement against these standards. Accreditation is for a three-year period, during which time each CLC must show progress towards key actions in their improvement plan. The strong focus within the standards on good governance processes reinforces an ongoing focus on efficiency and effectiveness in service delivery.

In addition, the sector is responding positively to recommendations made by the Productivity Commission in its Access to Justice Arrangements Inquiry Report aimed at reforming and improving the overall efficiency of legal assistance services.

Ultimately however, while there is always scope to consider greater efficiencies in the structure of CLCs and service delivery, it is clear that further efficiencies cannot address the significant gap between rising unmet legal need, and current government funding for CLCs.

The work of CLCs generates savings for Government and the community

In addition to the benefits to individuals where they are provided with legal assistance, there are a range of benefits to the broader community, including: 'ensuring legal rights are enforced across the community; preventing the escalation of civil disputes, including into criminal matters; avoiding the costs of other government services; [and] improving the efficiency of court proceedings'.⁷ The Productivity Commission indicated that these 'positive spill-over or flow on effects to the wider community from providing legal assistance services'⁸ justify government involvement in, and funding of, legal assistance services.

The Productivity Commission also highlighted that in many types of disputes, the avoided or flow-on costs are greater than the cost of providing funding to legal assistance services to provide the assistance. Given the Government's commitment to and focus on family violence, it is instructive to note the Commission's work estimating the benefits of providing legal assistance for Apprehended Violence (AVO) applications in 2014-2015:

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⁷ Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014) 757.

⁸ Ibid 666.

Table K.2 **Estimating the benefits of providing legal assistance for Apprehended Violence Order applications in 2014-15**

	Lower estimate	Average estimate	Upper estimate
Parameters			
Cost to governments per victim	\$5 000	\$6 000	\$7 000
Cost to the community per victim	\$35 000	\$35 875	\$36 750
Additional probability of obtaining an AVO with legal assistance	40 per cent	50 per cent	60 per cent
Probability that an incident of violence will be avoided due to obtaining an AVO	10 per cent	15 per cent	20 per cent
Estimated benefits			
Expected avoided cost to government per instance of assistance for an AVO application	\$200	\$450	\$840
Expected avoided cost to society per instance of assistance for an AVO application	\$1 400	\$2 690	\$4 410

Source: Productivity Commission, Access to Justice Arrangements, Final Report, Appendix K, Table K.2 Commission estimates.

This work highlights that the savings obtained 'are likely to more than offset the cost to governments of providing duty lawyers in these matters' and 'suggest that funding legal assistance in these matters is likely to be justified from a budgetary perspective alone'. ¹⁰

As highlighted, the provision of legal assistance by CLCs also avoids flow-on costs to the broader community:

Of greater economic significance are the costs to the community as a whole that may be avoided by providing assistance with legal problems. In many types of adverse outcomes, the costs are mainly borne by groups other than the government. For example, more than two thirds of the costs of family violence are estimated to fall upon victims, their families and employers (Access Economics 2004). Thus, reducing the incidence of these adverse outcomes may be welfare-enhancing across society, even if this comes at a net budgetary cost to government and so, in principle, may justify public funding of legal assistance. ¹¹

What Challenges Exist in Solving the Problem?

There are a number of challenges to ensuring that people who are experiencing legal problems are able to access legal assistance. In the context of the legal assistance sector, the key challenge is a lack of resources, as well as lack of Commonwealth, State and Territory engagement and cooperation, and fragmentation of administrative and policy responsibility.

Funding for Community Legal Centres

This section provides an overview of the recent funding landscape for CLCs, the new National Partnership Agreement on Legal Assistance Services, and the proposed funding cuts to CLCs.

Briefly, CLCs receive funding from a range of sources, including Commonwealth, State and Territory Governments, philanthropic grants, donations and fundraising, interest, and other activities. However the majority of CLC funding comes from Government.

⁹ Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014) 760.

¹⁰ Ibid Appendix K, 1060.

¹¹ Ibid Appendix K, 1054.

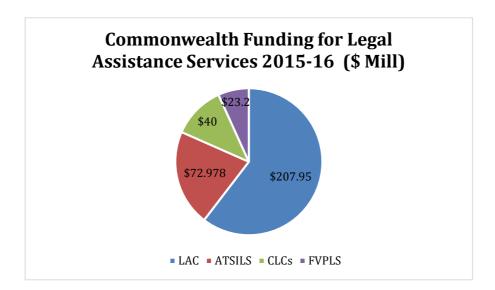
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The recent funding landscape

- **2013-2014 Federal Budget**: CLCs received additional funding of \$10.3 million over four years.
- July 2013: Additional \$33.5 million over four years for CLCs announced
- Mid-Year Economic and Fiscal Outlook (MYEFO) 2013-2014: Funding cut of \$43.1 million for legal assistance services over four years from 2013-14 announced, including a cut of \$19.61 million to CLCs, \$13.34 million to ATSILS, \$3.65 million to FVPLS and \$6.49 million to LACs
- May 2014: CLCs (other than a small number of CLCs) informed about the exact allocation of cuts to take effect in 2015-16 and 2016-17
- **June 2014:** One-off grants totalling \$1.55 million to 14 CLCs announced
- **2014-2015 Federal Budget:** Additional \$6 million funding cut to CLCs announced, as well as cuts to specific programs
- **March 2015:** Reversal of some of 2013-2014 MYEFO cuts, reinstating \$25.5 million over two years for legal assistance services, including \$12 million for CLCs.
- **Mid-2015:** New National Partnership Agreement on Legal Assistance Services 2015-2020 (NPA) agreed (discussed in more detail below)
- October 2015: Announcement of \$15 million of the \$100 million Women's Safety Package to be used to establish 12 new specialist domestic violence units and fund five health justice partnerships within existing legal assistance services located in domestic violence 'hot spots'

Funding allocation between legal assistance providers

In 2015-2016, the Commonwealth will provide \$207.95 million to Legal Aid Commissions, \$72.978 million to Aboriginal and Torres Strait Islander Legal Services, \$40 million to CLCs, and \$23.2 million to FVPLS.



While overall funding for legal assistance services is itself inadequate, the funding within that for CLCs is particularly inadequate, constituting a very small proportion (12%) of the overall Commonwealth funding for the legal assistance sector.

CLCs will receive \$40 million in 2015-2016, \$42.2 million in 2016-2017, dropping to \$30.1 million in 2017-2018 and \$30.6 million in 2018-2019.

Under the NPA, jurisdictions will receive the following funding for LACs and CLCs between 2015-2016 and 2019-2020:

(\$ million)	2015- 16	2016-17	2017-18	2018-19	2019-20	Total
Estimated total budget	250.942	257.144	248.714	252.901	256.838	1266.539
New South Wales	74.648	76.625	74.486	75.492	76.419	377.670
Legal aid commissions	63.208	64.072	64.822	65.583	66.248	323.933
Community legal centres	6.865	7.853	9.016	9.137	9.269	42.139
Community legal centres (Schedule C)	4.204	4.204	-	-	-	8.409
SACS	0.371	0.496	0.648	0.772	0.902	3.189
Community legal centres total	11.44	12.553	9.664	9.909	10.171	53.737
Victoria	57.579	59.158	57.077	58.017	58.896	290.727
Legal aid commissions	47.912	48.642	49.287	49.939	50.518	246.298
Community legal centres	5.424	6.085	6.836	6.938	7.046	32.329
Community legal centres (Schedule C)	3.652	3.652	-	-	-	7.304
SACS	0.591	0.779	0.954	1.140	1.332	4.796
Community legal centres total	9.667	10.516	7.79	8.078	8.378	44.429
Queensland	50.060	51.401	50.106	51.027	51.900	254.494
Legal aid commissions	41.691	42.456	43.148	43.850	44.493	215.638
Community legal centres	4.869	5.331	5.712	5.812	5.919	27.644
Community legal centres (Schedule C)	2.512	2.512	-	-	-	5.023
SACS	0.988	1.102	1.246	1.365	1.488	6.189
Community legal centres total	8.369	8.945	6.958	7.177	7.407	38.856
Western Australia	29.021	29.851	28.801	29.543	30.260	147.476
Legal aid commissions	23.480	24.030	24.538	25.053	25.534	122.635
Community legal centres	2.329	2.478	3.523	3.600	3.680	15.611
Community legal centres (Schedule C)	2.718	2.718	-	-	-	5.435
SACS	0.494	0.625	0.740	0.890	1.046	3.795
Community legal centres total	5.541	5.821	4.263	4.49	4.726	24.841
South Australia	19.483	19.789	18.816	19.068	19.302	96.458
Legal aid commissions	15.699	15.879	16.034	16.191	16.326	80.129
Community legal centres	0.348	0.411	2.418	2.444	2.472	8.092
Community legal centres (Schedule C)	3.188	3.188	-	-	-	6.377
SACS	0.248	0.311	0.364	0.433	0.504	1.860
Community legal centres total	3.784	3.91	2.782	2.877	2.976	16.329
Tasmania	7.274	7.303	6.939	7.023	7.101	35.640
Legal aid commissions	5.747	5.804	5.853	5.903	5.945	29.252
Community legal centres	0.830	0.783	0.944	0.952	0.961	4.471
Community legal centres (Schedule C)	0.597	0.597	-	-	-	1.193

SACS	0.100	0.119	0.142	0.168	0.195	0.724
Community legal centres total	1.527	1.499	1.086	1.12	1.156	6.388
Australian Capital Territory	5.787	5.813	5.618	5.721	5.818	28.757
Legal aid commissions	4.665	4.741	4.811	4.881	4.946	24.044
Community legal centres	0.170	0.107	0.690	0.700	0.709	2.376
Community legal centres	0.870	0.870	-	-	-	1.740
(Schedule C)						
SACS	0.082	0.095	0.117	0.140	0.163	0.597
Community legal centres total	1.122	1.072	0.807	0.84	0.872	4.713

Community legal centres (Schedule C)	0.870	0.870	-	-	-	1.740
SACS	0.082	0.095	0.117	0.140	0.163	0.597
Community legal centres total	1.122	1.072	0.807	0.84	0.872	4.713
Northern Territory	7.090	7.204	6.871	7.010	7.142	35.317
Legal aid commissions	5.548	5.653	5.747	5.843	5.931	28.722
Community legal centres	0.386	0.374	0.983	0.999	1.015	3.757
Community legal centres (Schedule C)	1.059	1.059	-	-	-	2.118
SACS	0.097	0.118	0.141	0.168	0.196	0.720
Community legal centres total	1.542	1.551	1.124	1.167	1.211	6.595
Total Commonwealth contribution	250.942	257.144	248.714	252.901	256.838	1266.539

(Source: National Partnership Agreement on Legal Assistance Services 2015-2020, Table 2)

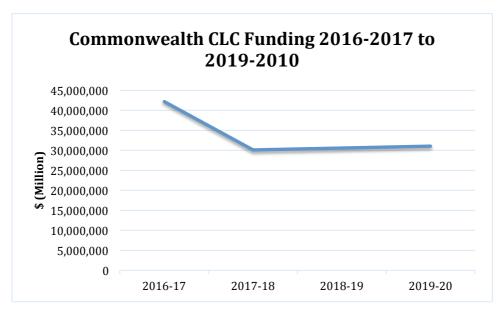
Cuts to CLCs in some jurisdictions in 2015-2016

Briefly, there were cuts to CLC funding in some jurisdictions in 2015-2016 as a result of a new funding allocation model (FAM) developed by the Commonwealth Attorney-General's Department (AGD) under the NPA which resulted in some jurisdictions receiving additional funding, and some less funding. For example, non-quarantined CLCs in Tasmania faced a \$200,000 decrease in Commonwealth funding. In Western Australia it was \$240,000. In the NT the cut was \$13,983. In South Australia the funding cut was \$1.54 million which equates to a 32%, but following the injection of one-off transitional funding of \$1.7 million from the Commonwealth Government, the resulting cut was reduced to 10% cut to all metropolitan centres in 2015-2016.

However, the FAM is only applied once the Commonwealth determines the overall amount of funding available for CLCs. It is important to recognise that the determination of this overall funding amount is not linked to an assessment or prioritisation of legal need across Australia. The FAM is, therefore, only a mechanism for allocating an arbitrarily defined program budget, rather than a budgetary process informed by the available evidence base.

National funding cuts

Importantly, as noted above, CLCs will receive \$40 million in 2015-2016, \$42.2 million in 2016-2017, dropping to \$30.1 million in 2017-2018 and \$30.6 million in 2018-2019 and \$31.07 million in 2019-2020. The reduction in funding levels from 2016-2017 and the last three years of the NPA is \$12.1 million in 2017-2018 (30%), \$11.6 million in 2018-2019 and \$11.13 million in 2019-2020.



NACLC understands that the reduction in funding is as a result of the remaining 2013 MYEFO Cuts and \$6 million that was part of a 4-year transfer from another program (the Family Relationships Program). However, in practice it amounts to a funding cut and will have significant flow-on effects.

In the context of a relatively small overall budget for CLCs, funding cuts of between \$11.13 million and \$12.1 million per year over the last three years of the NPA will have a significant impact on CLC service delivery, and therefore on the ability of people seeking legal help to receive they help they need. For example, NACLC calculates that based on 2014-2015 figures, a 30% cut to Commonwealth funding nationally is likely to result in:

- 36, 435 less clients assisted
- 45, 644 less advices provided
- 42,486 less referrals provided
- 31,771 less informations

Accordingly, NACLC is extremely concerned about the effect of these cuts on the ability of the most vulnerable members of our community to access legal assistance, particularly in light of already significant turnaways. NACLC also considers that these cuts will undermine Government policy in other areas, including for example in responding to and addressing family violence.

Uncertainty and time spent undertaking funding-related activities

In addition to issues relating to the quantum of funding for the legal assistance sector, this funding has also been characterised by significant uncertainty. This uncertainty continues despite the 5-year NPA being in place, because across jurisdictions the length of service agreements vary, with many only for two years. This uncertainty makes decisions about service delivery, staffing, and office space very difficult.

These funding issues and the ongoing need for CLCs to undertake funding-related activities including fundraising and applying for grants reduces the ability of CLCs to dedicate resources to front-line service delivery. For example, the forthcoming results of the 2015 NACLC Census indicate that a sample of 79 CLCs across Australia spent a combined 937.5 hours per week, which is 48,750 hours over the course of the year in 2014/15 on funding-related activities, which means CLCs were forced to dedicate 26.8 FTEs to funding-related activities per week in 2014/15.

Commonwealth, State and Territory engagement

Government investment in CLCs and legal assistance services more broadly, is inconsistently funded across Australia. This means that accessibility to essential legal advice and assistance for vulnerable and disadvantaged Australians differs considerably according to where someone lives.

Given the range of legal matter types and issues addressed, it is clear that funding for the services provided by CLCs is a shared responsibility between the Commonwealth and States and Territories. The funding split between the two levels of government, however, ranges from a 100% funding base provided by the Commonwealth in the ACT and Northern Territory down to a 40% investment by the Commonwealth in the total funding pool for CLCs in Victoria.

Consistent with the findings to date in the development of the White Paper on the Reform of the Federation, as with other areas of shared responsibility, this funding environment has created a range of complexities and inefficiencies in the way CLCs are funded and administered. There is significant potential for cost shifting between governments and for competing policy agendas to compromise service delivery. The decision by the Commonwealth to cut CLC funding significantly under the NPA from 2017-2018 without any clarity as to how this funding shortfall might be addressed is a fundamental example of the risk to funding certainty and durability that results from such an environment. 12

NACLC recognises and supports the intent of the NPA in removing inefficiencies in the way legal assistance funding is administered. Whilst the Agreement is only in its first year of operation and many of its potential benefits are yet to be fully realised, there can be no doubt that measures to remove unnecessary red tape by reducing the overlaps between levels of Government in administration of CLCs will be beneficial.

However, the fundamental limitation of the NPA is its application to Commonwealth funding only. Given the abovementioned inequity and complexity resulting from the current funding environment, this limitation renders the Agreement incapable of addressing some of the most fundamental drivers of systemic inefficiency in legal assistance service provision.

Without clear and consistent agreement between the Commonwealth and States and Territories as to how CLCs are to be funded, or the appropriate quantum of such funding, there will be no clarity in the allocation of roles and responsibilities between the two levels of government nor any equity and sustainability in the funding provided between jurisdictions. Governments' response to legal need, including the way Commonwealth funding is utilised for this purpose, will continue to be inconsistent and inequitable. NACLC notes that such issues are a clear focus of the Reform of the Federation White Paper process.¹³

To redress this situation it is imperative that funding decision are informed by a proper assessment of legal need. As indicated above, the current system of funding is based on the allocation of arbitrarily identified program budgets. The varying levels of state and territory reliance on Commonwealth funding is further evidence of a lack of a clear system to link funding to legal need. Whilst the NPA seeks to ensure better decision making linked to the available evidence base, these decisions will serve only to allocate the arbitrarily identified budgets in a more effective way rather than starting from a position that seeks to respond efficiently and effectively to prioritised need.

It is clear that a national process is required that seeks to redress the inequity and uncertainty in the availability of essential legal advice and assistance by agreeing to an appropriate, ongoing and

¹² Australian Government, Reform of the Federation Discussion Paper (2015) 5

¹³ Reform of Federation White Paper Terms of Reference

sustainable federated approach to funding CLCs. As observed in the Reform of the Federation Discussion Paper:

If getting the incentives right for improved service delivery for Australians is the main game, a better approach would see all governments working together upfront to co-design reforms, systems and markets; roles and responsibilities for each level of government would then be rationally and deliberately determined as a consequence of that. 14

NACLC strongly supports the recommendations of the Australian Council of Social Service (ACOSS) that, in areas of shared responsibility between the Commonwealth and the states and territories, both levels of government should commit to *community service guarantees* that assure service availability and are jointly legislated. As targeted essential community services, consideration should be given to the utilisation of such a guarantee to assure the Australian community of the ongoing availability of community legal centres.

Fragmentation of administrative and policy responsibility

Briefly, a range of decisions and processes have resulted in fragmentation of administrative and policy responsibility for the legal assistance sector. For example, in December 2013, a decision was made to shift responsibility for the National FVPLS Program from the Attorney-General's Department (AGD) to PM&C. The three other legal assistance services, Legal Aid, Community Legal Centres and Aboriginal and Torres Strait Islander Legal Services, all remained the portfolio responsibility of AGD.

NACLC is of the view that this change has contributed to fragmentation in administrative and policy responsibility for legal assistance services and inconsistent approaches to, sources, and bases for funding the four legal assistance providers.

What Can the Government Do?

There are a range of Budgetary, administrative and policy steps the Commonwealth Government could take to address the crisis in legal assistance.

At the outset NACLC notes that the importance of the Government working cooperatively and collaboratively with the legal assistance sector to address these issues cannot be underestimated. Drawing on the significant experience and expertise of bodies such as NACLC, NFVPS, NATSILS and NLA in decision-making, including policy formulation, would assist the Government and result in better outcomes for vulnerable and disadvantaged people seeking legal assistance across Australia.

More specifically, NACLC outlines a number of key recommendations for reform relating not only to CLCs, but the legal assistance sector more broadly.

All Legal Assistance Providers

As outlined above, there are four legal assistance providers that make up the legal assistance sector in Australia. NACLC makes a number of recommendations that apply to the sector as a whole in addition to recommendations about specific providers.

 $^{^{14}\,}Productivity$ Commission of Australia, Access to Justice Arrangements Inquiry, Overview (September 2014) 8

¹⁵ ACOSS, Fit for purpose: a federation that guarantees the services people need – A framework for reform from ACOSS and State and Territory Councils of Social Service (2015).

Immediate injection of funding

The Productivity Commission was clear—there is a need for an immediate injection of \$200 million per year into legal assistance, with 60% contributed by the Commonwealth Government and 40% contributed by State and Territory Governments. Accordingly, NACLC recommends that the Federal Government provide an immediate injection of \$120 million funding into the legal assistance sector, in addition to committing to considering and developing a process for determining the appropriate long-term quantum for legal assistance.

The Productivity Commission did not recommend how that funding amount should be allocated between legal assistance providers. NACLC does not necessarily consider that the existing proportionate allocation of funding between legal assistance providers is appropriate or should be continued. This is something that should be considered as part of the process for determining an appropriate quantum as discussed below.

However, for the purposes of determining an appropriate allocation of the recommended \$120 million immediate funding injection, if existing proportionate allocations were retained under which CLCs receive 12% of total Commonwealth funding for legal assistance, this would equate to an additional \$14.4 million for CLCs per year. Over the remaining period of the NPA, until 2019-2020, this would equate to an additional \$57.6 million.

To avoid unnecessary administrative burden and ensure consistency in decision-making processes about funding, in the case of LACs and CLCs any additional funding should be provided through the NPA, rather than as a separate funding allocation with separate funding agreements, as was the case with the Women's Safety Package funding provided to CLCs.

Briefly, there are a range of savings and revenue measures that could offset the cost of any additional funding to the legal assistance sector. For example, there are a number of large scale revenue measures Government could consider, including superannuation tax concessions, reforms to capital gains taxation, and negative gearing as outlined by bodies such as ACOSS.

Recommendation: Implement the Productivity Commission's recommendation from its Access to Justice Arrangements Inquiry and provide an immediate injection of \$120 million additional funding per year into the legal assistance sector, including at a minimum \$14.4 million to community legal centres.

Determining the appropriate quantum of funding

NACLC is supportive of one of the key intentions behind the Federal Government's legal assistance reforms, including the NPA- the introduction of a transparent and publicly accountable funding model that takes into account evidence-based research on legal needs (met and unmet) in making funding decisions. Several elements of the new funding mechanism under the NPA reflect this intention, at least in part, including for example the FAM and the requirements for consideration of evidence and analysis of legal need in jurisdictional service planning.

However, there is a clear gap. There has been and continues to be no transparent, public or evidence-based assessment of what the overall quantum of funding for legal assistance should be in Australia to meet legal need. As the Productivity Commission has suggested, 'the total quantum of funds allocated is not sufficient to achieve governments' stated priorities' and that 'the global funding envelope

¹⁶ Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014) 741.

provided to legal assistance providers by Australian governments should be broadly related to the costs associated with meeting these priorities', 17 which is not currently the case.

As a result, NACLC suggests that before decisions can be made about allocating funding between jurisdictions using the FAM, or the right mix of services/clients/areas of law/locations, 18 it is necessary to re-examine how decisions are made about the quantum of funding for legal assistance, to quantify the existing extent of underfunding and to determine an appropriate and sustainable quantum of funding in the long-term in light of legal need.

In its 2014 Report, the Productivity Commission recommended an interim funding injection, but indicated that in part due to current data limitations it is difficult to quantify the necessary quantum of funding for legal assistance that is required to bridge the gap between existing and necessary funding.

Accordingly, NACLC recommends a cooperative approach between the Commonwealth, State and Territory Governments and the legal assistance sector to determine what the appropriate quantum of funding is for the sector, what the contribution of Commonwealth, State and Territory Governments should be to that quantum, and the appropriate allocation of the quantum to the four key legal assistance providers. Given the variety of Government sources from which CLCs receive funding, a whole-of-government approach to such a determination is vital.

Importantly, the assessment of legal need (both met and unmet) and the need for additional assessment at a national level¹⁹ and existing research and modelling done by the Productivity Commission, must be key considerations in any such process. In particular, there is a need for funding of a regular national survey of legal need, similar to the *Legal Australia-Wide (LAW) Survey* undertaken in 2008, to examine met and unmet legal need in Australia. It is important that the legal need of particular groups, including Aboriginal and Torres Strait Islander people is considered as part of the survey.

Recommendation: Commit to implementing an appropriate process for determining adequate and sustainable longer-term funding contributions to the legal assistance sector by both Federal and State and Territory Governments, in consultation with the sector.

Recommendation: Provide funding for a regular national survey of legal need, similar to the *Legal Australia-Wide (LAW) Survey* undertaken in 2008, to examine met and unmet legal need in Australia.

Community Legal Centres

There are three short-term funding measures NACLC recommends. The first is outlined above as it applies to all legal assistance providers- the immediate injection of \$120 million per year into the legal assistance sector. For CLCs this should include, at a minimum, \$14.4 million per year, which over the remaining period of the NPA, until 2019-2020, would equate to an additional \$57.6 million. The second immediate and short-term funding measure is the reversal of funding cuts. The third is the provision of funding to CLCs to undertake law reform, policy and advocacy work.

¹⁷ Ibid 743.

¹⁸ "In an environment of constrained resources, it is important to establish that legal assistance providers are providing the 'right' mix of services, to the 'right' clients, in the 'right' areas of law and in the 'right' locations" and "resources are deployed where legal needs are greatest and legal problems have the most significant consequences": Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014) 704.

¹⁹ See, eg, suggestion by the Productivity Commission that: 'The *Legal Australia-Wide (LAW) Survey*, undertaken in 2008, examined legal need and responses to legal need. A more contained survey should be repeated on a regular basis' and 'Regular surveys should be undertaken to better measure unmet need of particular groups, including Aboriginal and Torres Strait Islander people': Productivity Commission of Australia, Access to Justice Arrangements Inquiry Report No 72 (September 2014) Appendix J, Table J.1.

Reversal of funding cuts

In light of the significant impact of funding cuts nationally to CLCs from 2017-2018, NACLC recommends that the Government's first step in addressing the crisis in legal assistance should be to reverse the proposed cuts. The additional funding should be included under the NPA, and therefore subject to the FAM and decisions about allocation to individual service providers arising from jurisdictional service planning processes.

Recommendation: Reverse the \$12.1 million funding cut to Community Legal Centres nationally in 2017-2018, the \$11.6 million cut in 2018-2019 and the and \$11.13 million cut in 2019-2020 (amounting to a \$34.83 million cut over the period 2017-18 to 2019-2020) under the National Partnership Agreement on Legal Assistance Services.

Funding for early intervention and law reform work

CLCs undertake a range of work, including individual casework, community legal education and law reform. These activities interrelate. Assisting individual clients through advice and casework enables CLC lawyers to not only assist the individual, but also identify laws, policies and practices that adversely or inequitably impact on disadvantaged people or vulnerable groups in the community. CLCs are in an excellent position to identify recurring causes of legal problems, such as unclear laws, or unlawful or unfair practices.

The work done by CLCs benefits individual CLC clients, most of whom are disadvantaged or vulnerable in multiple ways, and this is the focus of CLCs' work. However, it is also important to recognise the broader benefit generated by law reform and advocacy work to other members of the community. In some instances, the most efficient means of avoiding or resolving civil disputes, particularly those arising from unfair operation or application of a law or policy, is to advocate for legislative, policy or practice reform. Accordingly, this work constitutes a core prevention strategy.

The value of this work has been recognised in a number of contexts, including the Productivity Commission Inquiry into Access to Justice Arrangements. In its Draft Report, the Productivity Commission acknowledged that CLCs play a key role in law reform, policy and advocacy and expressed the view that these services should be a 'core activity' of CLCs and that CLCs 'play a key role in identifying and acting on systemic issues'.²⁰

Further, while the contribution made by CLCs undertaking law reform and advocacy work can be difficult to quantify, the Commission also expressed the view that: 'advocacy can ... be an efficient way to use limited taxpayer dollars' and stated that

strategic advocacy can benefit those people affected by a particular systemic issue, but, by clarifying the law, it can also benefit the community more broadly and improve access to justice (known as positive spill-overs or externalities). Advocacy can also be an efficient use of limited resources. It can be an important part of a strategy for maximising the impact of LAC and CLC work.²¹

Accordingly, NACLC suggests that the law reform, policy and advocacy work of CLCs is entirely consistent with the Government's commitment to improving access to justice through the effective and efficient use of available resources and therefore recommends that this work be permitted and funded under the NPA.

²⁰ Productivity Commission of Australia, Access to Justice Arrangements Draft Report (April 2014), 609, 622, 623, 625. ²¹ Ibid 623.

Recommendation: Amend the National Partnership Agreement on Legal Assistance Services 2015-2020, with the agreement of State and Territory Governments, to remove the restriction on the use of Commonwealth funding by Community Legal Centres to undertake law reform and policy advocacy work.

Community-Controlled Services for Aboriginal and Torres Strait Islander Peoples

It is NACLC policy and firm belief that the most appropriate providers of legal services for Aboriginal and Torres Strait Islander peoples are the specifically dedicated ATSILS and FVPLS staffed and managed, as far as is possible, by Aboriginal and Torres Strait Islander people.

Aboriginal and Torres Strait Islander peoples have experienced, and continue, to experience, historical marginalisation from mainstream services, and generally prefer to and feel culturally secure in attending Aboriginal and Torres Strait Islander specific services. In some instances these providers may be unable to assist a client because of real or perceived conflict, lack of resources, or because it is a specialist area of law that is outside their practice expertise, in which case a CLC may offer assistance.

However given this, and the significant legal need of Aboriginal and Torres Strait Islander people, funding and support for the FVPLS and ATSILS should be a vital component of the Government's commitment to addressing the crisis in legal assistance.

Family Violence Prevention Legal Services

Family Violence Prevention Legal Services provide legal assistance, casework, counselling and court support to Aboriginal and Torres Strait Islander adults and children who are victims/survivors of family violence. FVPLS also undertake important community legal education and early intervention and prevention work. There are 14 FVPLS across Australia.

As outlined above, FVPLS are the portfolio responsibility of PM&C while three other legal assistance services, LACs, CLCs and ATSILS, all remain the portfolio responsibility of AGD. The difficulties this has created with respect to fragmentation of policy and administration are outlined earlier in this submission.

As a result and as part of the *Indigenous Advancement Strategy* (IAS) the FVPLS were required to apply for funding alongside other services to Aboriginal and Torres Strait Islander people. All FVPLSs were successful in their application under the IAS and FVPLS receive approximately \$23.2 million per annum, with no indexation. However of the 14 services, nine FVPLS initially received only one year of additional funding, extending significant funding uncertainty and its distressing impacts on staff and victims/survivors (these funding agreements were subsequently extended to two years), and five FVPLS received three year funding agreements.

While all FVPLS were ultimately successful in obtaining funding under the IAS, the National FVPLS Program was effectively defunded and continues to have no direct allocation which, according to the NFVPLS 'means there is no transparency or guarantee of funding for the program into the future, nor national recognition of the value of this model'. Accordingly, NACLC supports the National FVPLS Forum 2016-2017 Federal Budget submission that calls for reinstatement of the programme.

Recommendation: Reinstate the Family Violence Prevention Legal Services as a stand-alone national programme and provide it with a direct allocation of funding.

Given no FVPLS received an increase in funding or inclusion of CPI under the IAS, and in light of rising demand for FVPLS services, NACLC supports the National FVPLS Forum submission that suggests that additional funding for FVPLS is required to meet existing and rising demand for FVPLS services, and that long-term funding agreements are required to ensure funding certainty.

Further, FVPLS are not currently resourced to provide national coverage to ensure that all Aboriginal and Torres Strait Islander victims/survivors of family violence can access their services regardless of geographic location. Significant service gaps exist particularly in metropolitan and urban areas. As a result, NACLC supports the NFVPLS submission for additional funding to achieve national coverage of FVPLS services within 5 years.

Recommendation: Provide additional funding to Family Violence Prevention Legal Services, including:

- (a) \$2 million per year to each existing Family Violence Prevention Legal Service; and
- (b) funding to achieve national coverage of Family Violence Prevention Legal Services commensurate to need (with a specific focus on meeting need in metropolitan and urban locations) within 5 years.

Recommendation: Commit to at least 5-year funding agreements with Family Violence Prevention Legal Services to ensure funding certainty.

Funding of a Forum/Secretariat

The National Family Violence Prevention Legal Services Forum (National FVPLS Forum) was established in May 2012. It provides a vital peak body for FVPLS and facilitates coordination and collaboration across FVPLS services and liaison with other peak bodies, including NACLC.

The National FVPLS Forum was successful in its application for funding under the IAS, but has suggested in its 2016-2017 Federal Budget submission that an additional \$4.5 million is required to appropriately resource the Forum's work moving forward.

Recommendation: Provide the National Family Violence Prevention Legal Services Forum with \$4.5 million additional funding per year and commit to long-term funding and support of the Forum.

Aboriginal and Torres Strait Islander Legal Services

ATSILS are the main providers of legal services to Aboriginal and Torres Strait Islander people, providing approximately 200, 000 legal assistances to Aboriginal and Torres Strait Islanders annually.

Funding

The ATSILS continue to be direct funded by AGD rather than being covered by the NPA.

In March 2015, Attorney-General George Brandis announced that some of the 2013 MYEFO cuts were to be reversed, which reinstated \$25.5 million over two years for legal assistance services, including \$11.5 million over two years to continue funding for the Indigenous Legal Assistance Programme. While this was a welcome development, NACLC remains concerns about funding for ATSILS.

In 2015-2016, the Commonwealth will provide ATSILS with \$72.387 million funding. This figure will increase slightly to \$73.731 million in 2016-2017, dropping to \$69.303 million in 2017-2018 and \$69.265 million in 2018-2019.

Accordingly, consistent with the National Aboriginal and Torres Strait Islander Legal Services (NATSILS) 2016-2017 Federal Budget submission, NACLC recommends reversal of the \$4.428 million funding cut to ATSILS from 2017-2018 and further funding cuts in 2018-2019.

In addition, NACLC suggests further increases to funding for ATSILS, consistent with the Productivity Commission's recommendations. NATSILS suggests that in 2015-2016 funding to ATSILS nationally should be increased to \$90 million.

Recommendation: Reverse the \$4.428 million funding cut to Aboriginal and Torres Strait Islander Legal Services from 2017-2018 and further funding cuts in 2018-2019.

Recommendation: Increase total Commonwealth funding to Aboriginal and Torres Strait Islander Legal Services to \$90 million per year.

Funding for NATSILS

NATSILS is the peak national body for ATSILS in Australia. It provides a vital voice for Aboriginal and Torres Strait Islander people in contact with the justice system and plays a key role in supporting its members across Australia in relation to organisational development and governance, and the sharing and implementation of best practice.

In May 2015, the Federal Government announced ongoing funding of \$295,000 for NATSILS. NACLC endorses the recommendation made in the NATSILS 2016-2017 Federal Budget submission, which highlights the inadequacy of this funding, to increase annual funding of NATSILS to \$500,000 and encourages ongoing commitment by the Government to adequately funding NATSILS to ensure it is able to continue its important work.

Recommendation: Provide National Aboriginal and Torres Strait Islander Legal Services with additional funding and commit to long-term funding and support of National Aboriginal and Torres Strait Islander Legal Services.

Legal Aid Commissions

As emphasised in the Law Council of Australia Budget submission, the Commonwealth's contribution to LAC funding has reduced dramatically over the past twenty years.

Under the NPA, Legal Aid Commissions will receive a total of \$1.07 billion over five years and funding for LACs will increase over the life of the NPA. However, under the FAM developed by AGD for LACs, Commissions in a number of jurisdictions experienced funding cuts in 2015-2016 and figures prepared by PricewaterhouseCoopers in June 2015, and referred to in the Law Council of Australia's submission, project that there will be a decline in Commonwealth funding for LACs over the foreword estimates on a per capita basis.

Accordingly, the comments and recommendations NACLC makes above in relation to the need to re-examine how decisions are made about the quantum of funding for legal assistance, to quantify the existing extent of underfunding and to determine an appropriate and sustainable quantum of funding in the long-term in light of legal need, apply equally to all legal assistance providers, including LACs.

