



# Financial Distributions Factsheet

From 1 July 2020, the National Legal Assistance Partnership (NLAP) will increase ongoing funding for legal assistance services to **over \$2 billion over five years**.

The NLAP will provide:

- **baseline funding** for Legal Aid Commissions (LACs), Community Legal Centres (CLCs), and Aboriginal and Torres Strait Islander Legal Services (ATSILS)
- **supplementary funding** for expensive Commonwealth criminal cases (ECCCF), and
- funding for Family Advocacy and Support Services (FASS), and Domestic Violence Units (DVUs) and Health Justice Partnerships (HJPs).

## Baseline funding

Baseline funding for LACs, CLCs and ATSILS will be distributed to the states and territories through the existing, evidence-based funding distribution models (FDMs), updated with relevant datasets.

Each FDM uses a consistent formula and consists of four components: operational, population, need and vulnerability, and cost factors. See *page 2* for a visual explanation of the FDMs.

The FDMs do not determine the overall amount of Commonwealth funding for legal assistance or determine the amount of funding for individual CLCs.

The Australian Government has adopted a '**no state and territory loses**' principle for baseline funding. This means that the LAC, CLC and ATSILS subsectors in each state and territory will not experience a loss in baseline Commonwealth funding.

A publicly-available paper will be developed to explain in greater detail how the models distribute funding between the states and territories.

## ECCCF Supplementation

Distributions for supplementary ECCCF is based on a combination of historical demand and funding estimates from LACs.

The distribution includes a:

- **base allocation of \$100,000** to each LAC to cover any unforeseen costs, and
- **proportional allocation of the remaining funding available, based on historical expenditure** over the period 2014-15 to 2018-19 and estimates for 2019-20.

## FASS, DVUs and HJPs

Distributions for the FASS, DVUs and HJPs will be **based on current funding levels**.



## LAC, CLC AND ATSILS FUNDING DISTRIBUTION MODELS

**Funding distribution = (Operational Component + Population Component + Needs and Vulnerability Component) x Cost Factors Component**



### 1. OPERATIONAL COMPONENT

- Funding is distributed to each jurisdiction to account for operational costs of delivering services (e.g. rent, and overheads)
- Funding increases with population size and is adjusted for 'economies of scale' (the cost advantage associated with the size of organisations)
- This means that smaller jurisdictions receive a larger portion of funding

**AFFECTED BY:**

- Relative population size in states and territories
- Fixed cost base (developed by independent consultant)
- Economies of scale (developed by independent consultant)
- Cost Factors Component



### 2. POPULATION COMPONENT

- Funding is distributed based on the Need for Legal Assistance Services (NLAS) indicator, adjusted for projected population growth per year
- The use of NLAS provides a more accurate estimation of vulnerability in each jurisdiction, and replaces raw population figures.
- If a state or territory's population is growing faster than the national average, it will receive a progressively larger share of funding for this component.

**AFFECTED BY:**

- NLAS indicator
- Relative population growth rate
- Cost Factors Component
- Population and need and vulnerability split.



### 3. NEED + VULNERABILITY COMPONENT

- Funding is distributed based on the number of people in specific high-needs groups to account for differences in the relative cost of providing services
- If a jurisdiction has high need and vulnerability component for its population size, it will receive a higher proportion of available funding
- These factors replace the narrower number of factors used in the previous models.

**AFFECTED BY:**

- People in regional & remote areas
- Young people in detention
- Adult prisoners
- Children in out-of-home care
- Children on care/protection orders
- People who speak other languages & speak English not well/not at all
- Single parents + dependent child
- Estimated homelessness
- Estimated female experiences of violence (not in ATSILS model)
- Aboriginal and Torres Strait Islanders (not in ATSILS model)
- People in need of assistance for core activities
- People on income support payments
- Cost Factors Component



### 4. COST FACTOR COMPONENT

- Accounts for differences between jurisdictions in the cost of delivering legal assistance services

**AFFECTED BY:**

- **CGC Interstate wage levels:** variation in the wages paid to otherwise comparable employees between jurisdictions due to differences in labour markets.
- **CGC regional factor:** variation in the cost of delivering services between regions, such as higher wages needed to entice people to work in more remote locations and the higher cost of goods.
- **CGC service delivery scale factor:** increased cost of delivering services to small isolated communities, and differences in the number of people that reside in such communities, between jurisdictions.
- **Cross-border factor:** services provided in one jurisdiction to residents of another jurisdiction.

## Further information?

If you have questions, please contact the Legal Assistance Reform Section at [legalassistance@ag.gov.au](mailto:legalassistance@ag.gov.au).