



## Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party  
Date Referred: 21/02/2019

Proposal No: B375  
Date Published: 18/03/2019

Proposal Title: Victim's compensation recognition - increase

Cluster: Justice

### General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	23,473	24,493	25,741	73,708
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(23,473)</b>	<b>(24,493)</b>	<b>(25,741)</b>	<b>(73,708)</b>

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	<b>(23,473)</b>	<b>(24,493)</b>	<b>(25,741)</b>	<b>(73,708)</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(23,473)</b>	<b>(24,493)</b>	<b>(25,741)</b>	<b>(73,708)</b>
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### Notes and costing assumptions

The policy proposes to increase funding for victim's compensation payments by the movements in the Sydney consumer price index (CPI) and allocate an additional \$20 million per year to the base amount starting from 1 July 2019. The policy also proposes conducting a review of the victim compensation scheme to ensure higher accessibility for women survivors of violence.

The policy is ongoing and is estimated to cost \$73.7 million in total over the forward estimates.

The additional increase to funding is presented in **Table 1** below:

**Table 1**

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year total \$'000
Base funding amount	151,000	173,650	199,700	229,652	754,002
Add: CPI	-	3,473	4,493	5,741	13,708
Add : \$20M increase per year	-	20,000	20,000	20,000	60,000
<b>Total</b>	<b>151,000</b>	<b>197,123</b>	<b>224,193</b>	<b>255,393</b>	<b>827,710</b>
<b>Marginal increase in funding required (CPI + \$20M p.a.)</b>	-	<b>23,473</b>	<b>24,493</b>	<b>25,741</b>	<b>73,708</b>

**Notes and costing assumptions continued:**

The *Victims Rights and Support Act 2013* (VRSA) enables victim compensation payments, which are administered by the Department of Justice (DoJ). Current funding projections were provided by DoJ. DoJ has advised these projections do not include CPI. They do however, include a yearly increase of 15% based on an estimate made by PricewaterhouseCoopers (PwC). PwC estimated that a 15% increase every year was reasonable based on their work in estimating the liability associated with the cost of lodged but unresolved claims of the Victims Support Scheme as at 30 June 2018.

The funding projections for compensation payments are subject to a moderate level of uncertainty as Victims Services are unable to reliably predict the type of violence or financial assistance applied for, which may vary the provisional liability. Each claim lodged is open for five years during which, the applicant may access financial support. As there has been a positive trend in claims since 2013-14, this has been factored into projections.

The PBO considers it reasonable for the management of additional funding to be met within existing resources.

**Review of the Victim's Compensation Scheme**

Based on DoJ advice, a review of compensation payments would require a statutory review of VRSA and an operational review. The statutory review would likely require external actuarial analysis while the operational review would be conducted independently. Therefore, additional costs would be incurred through procuring and engaging experts. The total cost of both of these reviews is estimated to be \$450,000. The costing does not include this amount as the PBO considers it reasonable for the cost of both reviews to be met by existing resources, resulting in a nil budget impact.