

The Treasury

Budget 2017 Information Release

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[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

REFORM OF FAMILY VIOLENCE LAW

Paper One: Context and supporting integrated responses

Paper Two: Family violence civil law

Paper Three: Prosecuting family violence

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Purpose

1. These three papers propose a package of reforms to civil and criminal legislation and agency practice to strengthen the system response to family violence.

Comment

2. These proposals have their origins in a review of family violence legislation carried out by the Ministerial Group for Family Violence and Sexual Violence, which found the current legislation was fragmented and in need of modernising. Law Commission reports have also informed the criminal proposals.
3. With a total social, economic and fiscal cost estimated by the Ministry of Justice at between \$4-7 billion per annum, there is a good case for doing more to address family violence. The legislative review affords a good opportunity to make the legislation more fit for purpose, and the proposals present a wide-ranging response.
4. Key issues remaining are the omission of certain costs and benefits from the analysis, a lack of clarity around when funding decisions will be sought, and fact that the proposals are presented as a single package with limited scope for scaling.

Cost-benefit analysis

5. As outlined in our earlier advice [T2016/974 and T2016/1116 refer] these papers continue to contain incomplete data and analysis on the costs and benefits of the proposals. In some cases this is understandable because of the lack of evidence available on impacts. [33]
- 6.
- 7.
8. The RIS makes clear that there is a lack of evidence base on the impacts of some policy interventions meaning the net benefits of these proposals are uncertain. In addition, Treasury considers that there are substantial risks of unintended

consequences due to family violence perpetrators or victims not responding in the way expected. This underlines the importance of close ongoing monitoring of the effect of the proposals in practice, within the context of a framework to assess the impact of the package as a whole, including its broader implications for the social sector, supported by appropriate data collection.

Fiscal impacts and timing of funding decisions

9. The overview paper puts the operating cost of the package at [33] over the four year forecast period, and around [33] borne by Corrections, Courts, Justice and Police.

[33]

10. One feature of the package that has changed since earlier drafts is an increase in the estimate of additional police numbers required to support implementation. Police advise they will need 66 additional sworn staff and the associated costs are reflected in the table above.
11. Although the papers do not reflect the capital cost of building the new prison beds required, the assessed operating costs do include capital charge and depreciation associated with those beds.
12. The papers seek agreement to policy decisions but it is unclear from the recommendations when funding decisions will be sought. This leaves open a risk that these costs could change again before funding is sought, particularly given the uncertainty surrounding the cost-benefit analysis of these proposals. We recommend that Cabinet takes funding decisions at the same time the policy decisions are taken. Corrections shares these concerns, as reflected in their comment in the overview paper.

Economic impacts

13. The analysis for the package indicates the following:

	NPV	Benefit Cost Ratio	ROI Societal	ROI Governmental
Total package (excluding capital costs of new prison, and other flow-on costs such as supporting services for victims and perpetrators)	\$40 million (over 15 years)	1.09	1.09	1.09

14. The Ministry of Justice estimates that the proposals would produce a return on investment 'slightly below' 1.0 if the prison capital costs were built in.
15. The supporting analysis suggests that in NPV terms the quantifiable benefits represent \$90 million in averted costs to victims of family violence over 15 years, and a further

\$576 million in averted costs for the justice sector to respond to violence. The papers note that the CBA has focussed only on measurable benefits, and that a number of benefits which are unquantified/unquantifiable at this point may mean the actual return on investment is higher over time. These include an assumed reduced demand for social services (including ACC, housing, health).

Scope and scaling

16. The papers seek Cabinet's agreement to the package as a whole, removing the flexibility to scale the proposals and the consideration of alternative packages. They do however note that while the package has been 'subject to a thorough and comprehensive costings exercise', there are choices that could be made within it (for example, on maximum sentence lengths) which would reduce its costs.
17. The elements with the most significant effect on prison capacity and overall cost of the package are:
 - introducing non-fatal strangulation as a criminal offence (once fully implemented, a maximum penalty of 7 years would require [33] for a 5 year maximum penalty)
 - improvements to police protection orders, expected to result in an overall increase in protection orders and a corresponding rise in convictions for breach of a protection order [33] as well as increased demand for support services for victims and perpetrators, and
 - [33]
18. Treasury recommends that Cabinet explore options to reduce the fiscal impact of the package by:
 - selecting between the options identified above for individual elements of the package, and/or
 - identifying a limited set of 'early wins' from within the package proposed, and request further analysis of the efficacy of some of the costlier elements.
19. If Cabinet wishes to accept the proposals as presented, we recommend you table the attached alternative recommendations ensuring that funding decisions are taken at the same time as policy decisions.

Treasury Recommendation

We recommend that you agree a set of 'early wins' from within the package proposed, and request further analysis of the efficacy of some of the costlier elements.

Title	P g	Recommend	Fiscal Implications (\$m GST excl.)					Treasury Comment
			15/16	16/17	17/18	18/19	Out years	
Suite of three papers on Reform of Family Violence Law: Paper One: Context and Supporting Integrated Responses Paper Two: Family Violence Civil Law Paper Three: Prosecuting Family Violence		Support relevant elements of the package.	<i>Operating (likely to include a small amount of capital)</i>					Treasury considers the proposals and analysis do not reflect full costs and benefits. Ministers may wish to discuss options for scaling the package. This may include agreeing to a set of 'early wins' and, if necessary, requesting that other elements of the package be resubmitted with full information on costs and benefits.
			-	-	[33]			
			<i>Capital</i>					
			Likely to be significant capital costs, the total of which is currently not included.					

Alternative Recommendations:

If required, to be inserted following recommendation 21, replacing existing recommendation 22.

22. **approve** the following changes to appropriations to give effect to the policy decisions in this paper, with a corresponding impact on the operating balance:
[include tables from existing recommendation 22]

22.*bis* **agree** that the expenses incurred above under recommendation 22. be a pre-commitment against the Budget 2017 operating allowance;