

Regulatory Impact Statement

Safe Driving Program Fee

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**You are invited to make a submission**

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| Recent changes to the Road Safety Act 1986 (**Act**) require VicRoads to establish and manage the Government’s new Safe Driving Program. The Act also allows VicRoads to charge fees to recover the costs of the Safe Driving Program. The total costs for implementing and administering the program are estimated to be $3.2 million in the first year of operation.The proposed fee to recover those costs from the offender is $527.This Regulatory Impact Statement (**RIS**) has been prepared in accordance with the requirements of the *Subordinate Legislation Act 1994* and the Victorian Guide to Regulation, and has been prepared to facilitate public consultation and feedback on the options for the Safe Driving Program fee. This RIS comprises1. This consultation paper
2. Legislative powers and policy for the fee: Appendix A
3. Summary of costs: Appendix B
4. Calculations of fee options: Appendix C
5. Consideration of cost recovery principles: Appendix D
6. Submission information: Appendix E
7. A copy of the draft Government Gazette: Appendix F

**How you can make a submission?**It is preferred that comments on this RIS be sent to VicRoads by email and that submissions be in WORD format.Electronic versions of submissions can be emailed to VicRoads at:safedrivingprogramfee@roads.vic.gov.auWritten comments can be posted or delivered to:Safe Driving Program FeeVicRoads Policy and ProgramsLevel 4 South Building60 Denmark StKew Vic 3101Submissions should be marked ‘Safe Driving Program Fee – Submission’.All submissions will be treated as public documents unless they include a specific request to the contrary.The consultation period closes at 5.00pm on Thursday 31 January 2013.If you would like further copies of this RIS or require further information please go to [www.vicroads.vic.gov.au](http://www.vicroads.vic.gov.au). |

**Terminology**

| Acronym / abbreviation | Description |
| --- | --- |
| Act | *Road Safety Act 1986* |
| Cost Recovery Guidelines | Victorian Government’s Cost Recovery Guidelines (Department of Treasury and Finance, May 2010).  |
| DOJ | Department of Justice |
| DOT | Department of Transport |
| DTF | Department of Treasury and Finance |
| EOI | Expression of interest |
| MCA | Multi-criteria analysis |
| Premier’s Guidelines | Subordinate Legislation Act 1994 Guidelines |
| R&L | Registration & Licensing |
| RIS | Regulatory Impact Statement |
| VGR | Victorian Guide to Regulation (Department of Treasury and Finance, August 2011) |
| VicRoads | Roads Corporation |

1. EXECUTIVE SUMMARY

Recent changes to the Road Safety Act 1986 (**Act**) require VicRoads to establish and manage the Government’s new Safe Driving Program. The Act also allows VicRoads to charge fees to recover the costs of the Safe Driving Program.

Government intends that the fee should be set:

* to recover the costs, but not exceed the costs, of implementing and administering the program
* to recover the full fixed establishment costs over a fixed period
* to recover the full variable administrative costs on ongoing basis
* in addition to any financial penalty imposed by the court.

The estimated total costs for implementing the program are $2.54 million.

The estimated variable ongoing costs of managing offenders through the program are anticipated to be $668,000 each year. These costs are variable costs and will vary significantly depending on the volumes and actions of the offenders.

The proposed fee is $527.

Options considered are limited to considering whether to recover the implementation costs over a two, four, five or ten year period as set out in Table 1 below.

**Table 1: Options to recover costs**

| **Option** | **Recovery period** | **Fee** | **Multi-criteria analysis (MCA) weighted score** |
| --- | --- | --- | --- |
| Base Case | N/A | Nil | **0** |
| Option 1 | 2 years | $974 | **-1.5** |
| Option 2 | 4 years | $591 | **-0.25** |
| Option 3 | 5 years | $527 | **+0.25** |
| Option 4 | 10 years | $418 | **0** |

Option 3 spreads the set up costs over five years, allowing costs of establishing the Safe Driving Program to be recovered in a manner that will best achieve the Government’s objectives (efficiency, equity, effectiveness and simplicity).

This Regulatory Impact Statement has been prepared in accordance with the requirements of the *Subordinate Legislation Act 1994* and the Victorian Guide to Regulation.

This RIS comprises

1. This consultation paper
2. Legislative powers and policy for the fee: Appendix A
3. Summary of costs: Appendix B
4. Calculations of fee options: Appendix C
5. Consideration of cost recovery principles: Appendix D
6. Submission information: Appendix E
7. A copy of the draft Government Gazette: Appendix F

Public comments are invited on the issues raised in this RIS.

1. INTRODUCTION

## Purpose of the Regulatory Impact Statement

The Safe Driving Program will fulfil the Government’s commitment to require “hoon” offenders to complete a behaviour change program. This RIS has been prepared to facilitate consultation on the options for a fee to recover the costs of developing and administering the Safe Driving Program.

The *Subordinate Legislation Act 1994* and the Subordinate Legislation Act 1994 Guidelines (**Premier’s Guidelines**) require consultation on a RIS for any new legislative instrument[[1]](#footnote-1) that will impose a ‘significant economic or social burden on a sector of the public’. An indicator of a ‘significant economic or social burden on a sector of the public’ is a fee that generates additional revenue of $500,000 or more per year. It is estimated that the annual revenue from the Safe Driving Program will be $1.32 million.[[2]](#footnote-2)

Government policy is that fees should be set on a full cost-recovery basis. Consistent with this policy, the fee for the Safe Driving Program will be calculated to enable recovery of all program costs, which will ensure that those costs are paid by those who use the program rather than by the broader community.[[3]](#footnote-3)

Public comments on this RIS can provide valuable input to ensure that the proposed fee is appropriate and transparent.

## The Safe Driving Program

The *Road Safety Amendment Act 2012* will amend the *Road Safety Act 1986* (**Act**) to require a court to order an offender who has been found guilty of certain “hoon” offences, and had a vehicle impounded or immobilised, to complete a Safe Driving Program.[[4]](#footnote-4) The provisions of the Act relating to the Safe Driving Program will take effect upon proclamation or on 1 April 2013 (if not proclaimed earlier).

The Safe Driving Program is a behaviour change program that aims to reduce “hoon” or unsafe driving behaviour. The Safe Driving Program will apply to offenders found guilty of the following offences and had a vehicle impounded or immobilised:

* exceeding the speed limit by 45 km/h or more (or travelling at 145 km/h or more in a 110 km/h zone);
* improper use of a motor vehicle (involving loss of traction by one or more wheels);
* careless driving involving improper use of a motor vehicle;
* dangerous driving (involving improper use of a motor vehicle or driving in excess of the speed limit by 45 km/h or more or travelling at 145km/h or more in a 110 km/h zone);
* failing to have proper control of the vehicle in circumstances involving improper use of a motor vehicle;
* organising or engaging in a race/speed trial; and
* causing a vehicle to make excessive noise or smoke in circumstances involving improper use of a motor vehicle.

When a court orders an offender to undertake a Safe Driving Program within a specified timeframe, but the offender fails to do so, the offender will be subject to an indefinite licence sanction.

## Developing the Safe Driving Program

In May 2011 an inter-agency working group was established to review options to manage and process drivers found guilty of applicable hoon offences. The working group comprised representatives from:

* the Department of Justice
* the Department of Treasury and Finance
* the Department of Premier and Cabinet
* the Magistrates' Court of Victoria
* Victoria Police; and
* VicRoads.

The working group identified the target group of offenders the Safe Driving Program would apply to and options to recover costs of establishing and administering the program.

The main requirements in the *Road Safety Amendment Act 2012* relating to the Safe Driving Program are that:

* first time offenders who have had vehicles impounded or immobilised for offences involving excessive speed, street racing and loss of traction must attend a Safe Driving Program as directed by a court
* an offender who fails to attend a Safe Driving Program will have their licence suspended, or if the offender does not have a licence, or his or her licence has already been suspended, the offender will be indefinitely disqualified from driving in Victoria or obtaining a Victorian driver licence or permit; and
* VicRoads may determine the fee to be imposed on offenders ordered to complete a Safe Driving Program and the total fees collected must not exceed the costs of implementing and administering the Safe Driving Program.

## Delivering the Safe Driving Program

Approved providers will be required to deliver programs that encourage program participants to make behavioural changes to reduce risky and dangerous driving in the future. VicRoads will conduct an expression of interest process prior to approving program providers

VicRoads will monitor and guide offenders through the Safe Driving Program process and apply licence sanctions if an offender does not complete a Safe Driving Program.

Approved program providers will be required to charge offenders a fee that will be remitted directly to VicRoads to recover VicRoads’ costs incurred in establishing and administering the program. This fee will be in addition to the provider’s commercial fee for program attendance.

An offender who is required to undertake the Safe Driving Program will have to pay the costs of the Safe Driving Program as well as any court-imposed financial penalty, and towing and storage fees associated with vehicle impoundment.

At a very high level, it is envisaged that the Safe Driving Program will operate as follows:

**Figure 1 High level overview of activities**



**Safe Driving Program Provider**

****

**Offender**

**Magistrate**

**Police**



VicRoads develops, implements, monitors and manages the Safe Driving Program

Processing an offender from offence detection to program completion involves information exchange between Victoria Police, the Magistrates' Court and VicRoads. A number of new operational processes and changes to computer systems are required and these have been incorporated into the total cost of setting up and administering the Safe Driving Program. Figure 2 provides an overview of the relevant processes.

**Figure 2 Operational processes overview**



1. OBJECTIVES

This RIS is required to evaluate the level of the Safe Driving Program fee to be determined by VicRoads. It is not required to evaluate the Safe Driving Program itself.

Cost recovery arrangements should be transparent, efficient, effective and consistent with legislative arrangements and government policy.[[5]](#footnote-5) The objective of the proposed fee is to recover the costs of setting up and administering the Safe Driving Program, and to further the Government’s broader objectives:

* efficiency
* equity
* effectiveness; and
* simplicity.

These objectives flow from the following relevant legislation, policies and supporting documents:

* *Road Safety Amendment Act 2012*, the Explanatory Memorandum and Second Reading Speech for that Act, and related Parliamentary debate
* *Transport Integration Act 2010*
* *Subordinate Legislation Act 1994*
* Cost Recovery Guidelines
* Premier’s Guidelines; and
* Victorian Guide to Regulation.

**Efficiency**

Full cost recovery promotes efficient and transparent allocation of resources. Incorporating the cost of administering the program into the overall program price ensures that costs to the community of resources used to allow the program to operate will be apparent. Cost recovery will decrease the level of general taxation needed to establish and administer the program.[[6]](#footnote-6) For the purposes of this RIS this objective encompasses:

* the extent to which fixed costs are recovered over an optimal recovery period; and
* the extent to which costs are recovered.

**Equity**

‘Horizontal equity’, which involves treating people in similar situations in similar ways, is important for the purposes of this RIS.[[7]](#footnote-7) Horizontal equity generally involves those that contribute to the need for government regulation being required to pay the associated costs. This improves equity because it avoids the situation where *all* taxpayers have to pay the associated costs regardless of whether or not they give rise to the need for the government regulation.[[8]](#footnote-8) For the purposes of this RIS a more meaningful notion of horizontal equity is ensuring that offenders participating in the program, in different years of the program, are required to pay broadly comparable fees.

**Effectiveness**

The fee will be considered ‘effective’ if most offenders who are required to participate in the program actually participate. New section 84BL will enable the court to exempt a person from completing a program in exceptional circumstances, such as severe financial hardship, and the court will consider exemptions on a case by case basis. There may be offenders who cannot satisfy the ‘exceptional circumstances’ test, but still choose not to participate in the program due to the costs involved, ie the higher the fee, the more likely it is to be unaffordable for a larger cohort of offenders. A very high fee may deter offenders from participating in the program, resulting in:

* the offender failing to benefit from the program
* licence sanctions; and/or
* unlicensed driving (where offenders choose to ‘opt out’ of the licensing system entirely rather than meeting the costs flowing from their sanctions).

**Simplicity**

For the purposes of this RIS ‘simplicity’ involves:

* making the fee easy for the community to understand
* minimising VicRoads’ and program providers’ day-to-day administration costs; and
* enabling VicRoads to monitor the extent to which costs are being recovered in a relatively straightforward manner.

**Achieving the objectives**

Recovering all costs of the Safe Driving Program from offenders is particularly important to advance the Government’s efficiency and equity objectives. Achieving these objectives is important, not only from a government perspective, but also because full cost recovery promotes efficient and transparent allocation of resources.

The Safe Driving Program fee will help ensure that offenders pay the costs of establishing and operating the scheme, rather than imposing this cost burden on the wider community. This will send appropriate price signals about the value of the resources being used to deliver the Safe Driving Program.[[9]](#footnote-9)

The RIS shows that the fee will be designed to recover all costs associated with establishing and operating the Safe Driving Program, but it will not result in any additional revenue to Government beyond cost recovery.

1. LEGISLATIVE PROVISIONS AND POLICY

## Amendments to the Road Safety Act

VicRoads will have the power to determine a fee under new section 84BV of the *Road Safety Act 1986* after the amendments to the Act to implement the Safe Driving Program commence. New section 84BV will provide as follows:

**Section 84BV: Corporation may determine fee**

 (1) The Corporation may determine from time to time the fee to be imposed on persons for participating in an approved safe driving program conducted by an approved provider.

 (2) A determination under subsection (1) must be made by notice published in the Government Gazette.

 (3) In determining the amount of the fee, the Corporation must ensure that the total fees collected do not exceed the costs of the implementation and administration of the safe driving program scheme established under this Part.

## Policy intent of the fee for the Safe Driving Program

Parliament has made it clear that the fee for the Safe Driving Program should be set:

* to enable the Government to fully recover the costs associated with establishing and administering the program; and
* to recover the costs involved in establishing the program over a fixed period;[[10]](#footnote-10) and
* in addition to any financial penalty imposed by the court.[[11]](#footnote-11)

Additional information about the relevant legislative powers and underlying policy objectives are set out in Appendix A.

1. OVERVIEW OF COSTS TO BE RECOVERED

## The need to set fees

VicRoads estimates that the Safe Driving Program will cost approximately $3.2 million (including both set up and ongoing administrative costs) in the first year of operation and approximately $668,000 in ongoing administrative costs in each year of the program. Detailed costs are set out in Appendix B.

Victorian taxpayers would cover the costs of the Safe Driving Program in the absence of the proposed fee.

It is important to note that amendments to the Road Safety Act will require VicRoads to ensure that the total fees collected do not exceed the costs of the implementation and administration of the Safe Driving Program*.*[[12]](#footnote-12) Consequently, VicRoads will monitor the actual costs and revenue closely throughout the life of the program.

## The stakeholders who incur costs

The only stakeholders who will pay the fee are persons found guilty of applicable unsafe driving offences, who have had a vehicle impounded or immobilised, and who actually attend the program.

Stakeholders who incur costs in the end-to-end process of implementing and administering the Safe Driving Program include:

* Magistrates Court of Victoria, DOJ
* Courts Technology, CourtLink, DOJ
* VicRoads Call Centre
* VicRoads Customer Service Centres
* VicRoads Registration & Licensing Policy
* VicRoads Licence and Registration Services
* VicRoads Driver Licensing Systems
* VicRoads Road Safety Policy; and
* VicRoads R&L Agent Services.

## Methodology/recoverable costs

VicRoads has identified two main categories of costs to be recovered:

1. establishment and implementation costs; and
2. ongoing operational and administration costs.

The Cost Recovery Guidelines acknowledge that:

* no single cost recovery charging mechanism will be appropriate for every case; and
* it is important that government departments, agencies and regulators develop their own cost recovery arrangements that customise the central framework in the Cost Recovery Guidelines to meet their own particular circumstances, while ensuring that their arrangements are consistent with the Government’s expectations.[[13]](#footnote-13)

VicRoads operates a comprehensive, full distributed cost recovery model across all activities. VicRoads’ total costs, including direct and indirect costs, are allocated across all outputs under this model. Direct costs are allocated to the relevant output, while indirect costs are allocated using a combination of pro-rata and activity-based costing methods.

VicRoads’ costing model distributes all direct, indirect and capital costs across all activities. The cost estimates in this RIS and the fee options only include costs that are integral to delivering the Safe Driving Program, ie the activity subject to cost recovery.

Table 2 below outlines the types of costs that have been included in the cost estimates.

**Table 2: Types of recovered costs — direct and indirect costs**

| **Type of cost** | **Examples** |
| --- | --- |
| Direct costs are costs that can be readily and unequivocally attributed to a product or activity because they are incurred exclusively for that particular product/activity. | Labour costs (and on-costs), such as base wage/salary, payroll tax, superannuation.Office accommodation, equipment, supplies, materials/consumable supplies, power, maintenance. |
| Indirect costs are not incurred exclusively for the particular product/activity — often referred to as ‘overheads’. | Corporate services costs, such as salary of the chief executive, financial services, human resources, information technology. |
| Indirect costs also include capital costs, which comprise depreciation of owned assets, and the opportunity cost of capital. | Depreciation.Opportunity cost of capital. |

*Source: Cost Recovery Guidelines, May 2010, Table 4.3.*

Using the above methodology, VicRoads estimates that total costs for establishing the Safe Driving Program will be $2.54 million and costs associated with operating the program will be $668,000 in the first year of operation.

## Assumptions

This RIS includes a number of assumptions for estimating figures, activities and costs to be recovered. The assumptions are set out in table 3 below.

**Table 3: Assumptions made for this RIS**

|  |  |  |
| --- | --- | --- |
| **Description** | **Estimate** | **Source or evidence for assumption** |
| Implementation costs (fixed costs) | $2,543,761 | One-off costs for developing and implementing the Safe Driving Program. |
| Ongoing costs(variable costs) in 1st year | $668,014 | Ongoing costs will vary from year to year depending on volumes and actions of offenders. |
| Numbers of offenders per year | 2,500 | Based on the number of applicable offences in 2010-11 and 2011-12.  |
| Number of offenders ordered to undertake Safe Driving Program[[14]](#footnote-14) | 1st year = 1,500[[15]](#footnote-15) All other years=2,500  | Offender numbers are expected to be similar for each year, but there will be fewer offenders undertaking the program in the first year due to initial lag between detection of the offence, attendance at court, formal notification of the requirement and allowed timeframes for program completion.Changes in projected offender numbers may occur for many reasons including:* driver behaviour
* detection and enforcement rates
* numbers of exemptions from the program the court grants to offenders due to exceptional circumstances.
 |
| Numbers of exemptions | 2% | Only a small number of offenders are likely to be granted exemptions from attending the Safe Driving Program. |

Offenders will only be required to complete the program once, ie if they have not completed the program previously. Offenders will be required to complete the program regardless of whether they held a driver licence or permit at the time of the offence. Offenders found guilty of applicable offences prior to the commencement of the legislation establishing the program will not be required to complete the program.

The recidivism rate for offenders committing applicable offences, where a vehicle was impounded, has been approximately 6.5% for the past three years.[[16]](#footnote-16) Recidivist offenders have not been excluded from the projected offender numbers because a variance of less than 10 percent (in offenders required to complete the program) is considered acceptable. Enforcement rates and the extent to which Victoria Police exercises discretion to impound or immobilise offenders’ vehicles will affect projected offender numbers to some extent.

## Activities undertaken to establish and process offenders through the Safe Driving Program

The Cost Recovery Guidelines and the Victorian Guide to Regulation require costs to represent the efficient costs of providing the service.

Under the Act, VicRoads will be required to carry out a number of activities to implement, manage and monitor the Safe Driving Program, ie set up costs and ongoing costs. Implementation costs have been incurred to establish a system to monitor and process offenders through the Safe Driving Program. These implementation costs are in addition to, and separate from, the existing activity of recording offences.

VicRoads estimated costs using an activity-based costing and benchmarking approach, for example auditing program and content delivery is estimated to involve:

* 27 days for a VicRoads Level 5 Officer at a daily rate of $615; and
* 55 days for program auditors to perform risk assessments and audits for approximately 15 providers at a daily rate of $1,500.

Project initiation, scoping and management costs encompass the following activities:

* conducting business analysis
* gathering and documenting business requirements
* business process mapping across a number of government agencies and a number of business areas in VicRoads
* defining and documenting business rules and functional specifications; and
* project management.

The preferred option for system design and build is an automated solution that will reduce operational risk. The automated solution will also have a lower operational cost than the alternative manual solution.[[17]](#footnote-17)

The judicial college cost estimate is for providing a structured course to brief and inform Magistrates about the program and the legislative underpinning the program. VicRoads will be reimbursing judicial college costs.

Tables 4 and 5 below set out high level descriptions of all relevant activities and the estimated costs of those activities.

**Table 4: Summary of VicRoads’ implementation activities for the Safe Driving Program**

| **Establishment activities** | **Subtotal** | **Cost** |
| --- | --- | --- |
| **Safe Driving Program development and implementation** |  |  |
| Program requirement and content development* determining best practice principles for new program content
* analysing hoon offence data and evaluating offence histories
* developing program provider requirements
* developing program content
* pilot testing the program
 |  | $291,255 |
| Expert input* seeking and obtaining advice from road safety and offender experts
* co-ordinating road safety and offender experts
* project management / oversight of program requirements and content development
 |  | $130,688 |
| Safe Driving Program behavioural outcome evaluation process and instruments |  | $52,666 |
| Establishing and conducting EOI and provider approval * developing EOI and approval process and documentation, and executing EOI and approval process
 |  | $81,500 |
| Communications and awareness* internal communications - training staff and developing training materials
 |  | $11,500 |
| **Business processes and systems changes** |  |  |
| Project initiation, scoping and management* undertaking analysis to identify and document business requirements and process flows
* defining functional specifications
* managing the project
 |  | $399,961 |
| Defining business rules, forms, work instructions and workflow  |  | $95,919 |
| Customer communications  |  | $153,477 |
| Drafting letters to inform customers of the Safe Driving Program events that occur in the lifecycle:* the requirement to undertake the program
* when a licence sanction is applied for failure to attend the program within the required period
* when demerit point bans are applied
 | $117,100 |  |
| Compiling frequently asked questions for Customer Service Centre and Call Centre staff | $5,549 |  |
|  Developing website content, and designing and building the website | $30,827 |  |
| Defining course provider correspondence |  | $10,204 |
| Defining reports for operational reporting and monitoring program outcomes |  | $12,331 |
| Developing a training plan and training material, scheduling and conducting training |  | $31,662 |
| Designing, building, testing and modifying systems |  | $912,600 |
| Court systems changes |  | $50,000 |
| Judicial college costs  |  | $240,000 |
| **Total** |  | **$2,543,761** |

**Table 5: Summary of VicRoads’ administration and management activities for the Safe Driving Program**

| **Ongoing operational activities** | **Subtotal** | **Cost** |
| --- | --- | --- |
| **Front office (Call Centre and Customer Service Centre) functions** |  |  |
| Responding to simple queries |  | $24,487 |
| Processing Safe Driving Program completion certificates |  | $72,270 |
| **Back office functions** |  |  |
| Processing court orders for the Safe Driving Program |  | $45,719 |
| * registering that the person has been ordered to undertake the Safe Driving Program in VicRoads' system
* issuing correspondence to the person informing them of the requirement to undertake the program
* monitoring program attendance and applying licence sanctions if the person fails to attend, and issuing relevant correspondence
* Managing the intervention of demerit point bans with sanctions arising from the Safe Driving Program, and issuing relevant correspondence
 |  |  |
| Responding to complex queries  |  | $73,598 |
| * telephone queries & written correspondence
 | $38,866 |  |
| * preparing Ministerial briefings (responding to specific issues raised in relation to the Safe Driving Program)
 | $34,732 |  |
| Managing program providers |  | $198,713 |
| * auditing program content delivery
 | $99,105 |  |
| * auditing operational compliance
 | $39,712 |  |
| * managing service delivery
 | $33,343 |  |
| * managing receipt of surcharge fees and attendance information
 | $2,084 |  |
| * surcharge payments and attendance reconciliation
 | $2,084 |  |
| * annual program provider re-accreditation
 | $22,386 |  |
| Annual surcharge review  |  | $9,225 |
| Reporting on the Safe Driving Program |  | $27,386 |
| * operational reporting
 | $18,991 |  |
| * financial reporting
 | $8,395 |  |
| Annual Safe Driving Program behavioural outcome evaluation |  | $70,495 |
| Approve new providers |  | $9,225 |
| Update program structure and content |  | $95,900 |
| **Maintenance/support** |  | $40,996 |
| * Driver Licensing System functions specific to the Safe Driving Program
 | $35,400 |  |
| * Safe Driving Program website
 | $5,596 |  |
| **Total** |  | **$668,014** |

The estimated total cost of establishing and managing the Safe Driving Program is approximately $3.2 million in the first year of operation. This estimate is made on the basis that approximately 1,500 offenders will be ordered to attend the program in the first year (approximately 2,500 offenders per year will be ordered to attend in subsequent years). Many of the cost estimates for services to implement and administer the Safe Driving Program have or will be provided by external contractors and details of those contracts and invoices are confidential. The Department of Treasury and Finance reviewed early cost estimates during the development of the Road Safety Amendment Bill 2012. High level cost estimates are provided in Appendix B.

## Calculating fee options

The Victorian Guide to Regulation recommends that future costs should be discounted by 3.5% to enable costs to be considered on a consistent basis.[[18]](#footnote-18) However in this RIS it is appropriate to use the Treasurer’s usual rate of 2.5% that is fixed each year on 1 July under section 5(3) of the *Monetary Units Act 2004* to represent the appropriate inflation factor.[[19]](#footnote-19)

The methodology used to calculate[[20]](#footnote-20) the fee options is set out below:

*Step 1*

Apportion the ongoing program management costs across all participants in each year of the recovery period for each option. The first year nominal cost estimate has been escalated at a rate of 2.5% per annum.

*Step 2*

Apportion the estimated establishment costs across all participants in each year of the recovery period for each option.

*Step 3*

Add together the fees calculated in steps 1 and 2 for recovering ongoing management and establishment costs to produce the total recovery amount.

*Step 4*

Divide the total recovery amount by the total participants expected during the recovery period to calculate the average fee.[[21]](#footnote-21)

*Step 5*

Show the estimated fee once program establishment costs have been recovered. The fee in future years will only recover escalated ongoing program management costs.

## The proposed fee and the anticipated costs to the offending driver

There are a number of financial and non-financial penalties that may be imposed on the offending driver under the Act. Some of these costs are market costs (eg towing costs) and other costs are imposed by courts (eg penalties). It is important to note that courts rarely impose the maximum financial penalties. An overview of the costs to the offender for the financial year for 2012 -2013 appears in table 5 below.

**Table 6: Possible costs an offender may incur for committing a hoon offence**

| **Types of costs** | **Penalties, fees and charges**  |
| --- | --- |
| Safe Driving Program fee VicRoads will charge under the Act (based on the preferred option of set up costs distributed over 4 years)  | $527 |
| Anticipated commercial charges for undertaking the Safe Driving Program | $500 |
| Vehicle recovery & towing fee | $800-$1,200 |
| Various financial penalties up to 240 penalty units (240 x $140.84 = $33,801.60) but fines for applicable offences are generally below $3,000[[22]](#footnote-22) | Generally below $3,000 (maximum $33,801.60)  |
| Various licence sanctions – available for excessive speeding and dangerous driving offences | From 1 month to more than 12 months |
| Imprisonment - available for dangerous driving offences | Up to 24 months |

## Are the costs efficient?

The Cost Recovery Guidelines and the Victorian Guide to Regulation require costs to represent the efficient costs of providing the relevant service. Extra transaction costs have been avoided by the design of the amendments to the Act. For example, the Act will only provide for a refund if the approved provider does not or cannot deliver the program at the agreed time. Transaction costs that have been avoided include refunds for those who book a time to attend a program but do not actually attend the program.

The amendments to the Act provide that the fee must not exceed the cost of implementing and administering the scheme. However, there are a large number of potentially complex processes involved in ensuring offenders are appropriately managed and monitored, and associated record-keeping requirements.

Given there are a number of variables relating to the ongoing operation of the Safe Driving Program, the ongoing administrative costs will need to be monitored closely. Appendix B sets out detail of those costs.

1. OPTIONS

## Limitations as to options

The options that can be considered in this RIS are very limited. Limitations relate to the term, level of cost recovery and the design of the instrument declaring the fee (see Appendix A). The amendments to the Act set out specific processes to manage and monitor the Safe Driving Program and collect the fee. Management and monitoring processes have been developed in consultation with an inter-agency working party to:

* minimise additional transactions and administrative costs; and
* promote ease of payment/accessibility (additional trips to Customer Service Centres or approved providers avoided or minimised).

Some potential options, eg fully or partly deferred payment options in cases of hardship, cannot be considered as those options would be inconsistent with the Government’s objective of full cost recovery.

In the Second Reading Speech for the Road Safety Amendment Bill 2012, the Minister for Roads stated that the costs of implementing and administering the Safe Driving Program will be recovered in full through a fee paid by offenders ordered to participate in the program.[[23]](#footnote-23)

Considering the potential impact of the fee on offenders is beyond the scope of this RIS. New section 84BL will enable the court to exempt a person from completing a program in exceptional circumstances, such as severe financial hardship or where they are unable to access a program within a reasonable distance from their home.[[24]](#footnote-24) Courts will consider exemptions on a case by basis.

## Limitations as to design

The Government Gazette that will set the fee will be a ‘legislative instrument’, rather than a ‘statutory rule’, under the *Subordinate Legislation Act 1994*.[[25]](#footnote-25) The automatic indexation that applies to fees expressed in fee units in statutory rules does not automatically apply to legislative instruments.

VicRoads will monitor cost recovery over the life of the program. If VicRoads determines that the fee should be increased beyond the Treasurer’s usual rate to ensure cost recovery, VicRoads will prepare a new Gazette and RIS.

The Gazette could use an approach akin to fee units to specify the fee instead of using the Treasurer’s usual rate to determine a dollar amount. The Gazette could define a ‘fee unit’ in the same manner as the *Monetary Units Act 2004* to allow the fee to be expressed in fee units. This approach would:

* remove estimation complexities associated with incorporating the Treasurer’s usual 2.5% annual rate into a fee expressed as a dollar amount; and
* align with the approach for expressing fees in Acts and statutory rules –

but a new Gazette and RIS would still be required if VicRoads determines that the fee should be increased beyond the Treasurer’s annual rate. Given the fee will be designed to recover set up costs over a relatively short fixed period, using an approach akin to fee units is unlikely provide any significant advantages over expressing the fee as a dollar amount.

The Gazette will express the fee as a dollar amount and will remain at that amount until the Gazette expires (and remade if required).

## Limitations as to term

A Government Gazette can be published to set a fee for an indefinite period. If the Gazette does not include an expiry clause and is not revoked and remade, then the fee will remain in place and the fee will not increase. Therefore some potential options, eg fully or partly deferred payment options in cases of hardship, cannot be considered, as those options would be inconsistent with the Government’s intention to recover the full costs of the program.

The Explanatory Memorandum for the Road Safety Amendment Bill 2012 and the Explanatory Memorandum for the Road Safety Bill 2012 explains that:

* implementation costs will be recovered over a fixed period; and
* ongoing operational costs will be recovered on an ongoing basis.[[26]](#footnote-26)

Therefore this RIS considers options for the fee over a limited term of two, four, five or ten years.

Fee options considered in this RIS are as follows:

* Base case: no fee
* **Option 1: Fee of $974.** The Gazette setting the fee will expire after two years. The fee will recover the fixed (implementation and estimated variable (administration) costs of the Safe Driving Program over two years. After program set up costs have been recovered the annual fee is likely to be $281.[[27]](#footnote-27)
* **Option 2: Fee of $591.** The Gazette setting the fee will expire after four years. After program set up costs have been recovered the annual fee is likely to be $295.[[28]](#footnote-28)
* **Option 3: Fee of $527.** The Gazette setting the fee will expire after five years. After program set up costs have been recovered the annual fee is likely to be $302.[[29]](#footnote-29)
* **Option 4: Fee of $418.** The Gazette setting the fee will expire after ten years.
1. ANALYSIS OF OPTIONS

## Base case

The ‘base case’ describes the regulatory position that would exist in the absence of the proposed fee. For the purposes of the analysis, the base case of ‘doing nothing’ is not considered a practical alternative, given that the Government has identified a problem that needs to be addressed. However, it is necessary to establish this position in order to make a considered assessment of the costs and benefits of the viable options.

## Cost Recovery Guidelines

The Cost Recovery Guidelines set out principles of cost recovery which need to be considered when setting fees. These principles are set out in Appendix D, together with a brief summary of how VicRoads considered each step in accordance with the Guidelines.

## Comparison of options – multi-criteria analysis (MCA)

A multi-criteria analysis (MCA) is a decision making tool that can be used when it is not possible to quantify and value the main costs and benefits of a proposal. MCA involves:

* specifying assessment criteria
* assigning a ‘weighting’ to each criterion
* assigning scores for each option in relation to each criterion; and
* calculating a weighted score for each option

The objective of the proposed fee is to recover the costs of setting up and administering the Safe Driving Program, and to further the Government’s broader objectives:

* efficiency
* equity
* effectiveness; and
* simplicity.

These objectives, which are described in the objectives discussion (above) and outlined in table 7 below, are the assessment criteria for the purposes of the MCA.

**Table 7: Criteria and weightings**

| **Criteria** | **Assessment considerations** | **Weighting**  |
| --- | --- | --- |
| Efficiency | * Extent to which fixed costs are recovered over an optimal recovery period
* Extent to which costs are recovered
 | 25 |
| Equity | * Extent of cross-subsidisation between offenders participating in the program in different years (or ‘equal’ treatment of offenders in different years)
 | 25 |
| Effectiveness (offender participation levels) | * Effect on compliance, ie high fees may impact offenders’ decisions to participate - where offenders choose not to participate they will not benefit from the program, they will incur licence sanctions and they may engage in unlicensed driving
 | 25 |
| Simplicity | * Extent of VicRoads’ and program providers’ day-to-day administration costs
* Fee is easy for the community to understand
 | 25 |

*Criteria and weightings*

All criteria are considered relevant and important for assessing the identified options. Equal weightings for the criteria can be considered a default approach and VicRoads does not consider that there are compelling reasons to depart from equal weightings, ie 25% per criterion.

In the MCA each option is given a score, from -10 to +10, against each criterion. The base case (no fee) has a zero score in relation to all criteria. Options are then scored by reference to whether the expected outcome resulting from the option represents a positive or negative change relative to this base case (see table 8 below). Each criterion has an equal weighting (25%) so the ‘raw’ score allocated in accordance with table 8 is multiplied by 0.25 to give a ‘weighted’ score.

**Table 8: Scoring**

|  | **Weak** | **Small** | **Moderate** | **Significant** | **Extreme** |
| --- | --- | --- | --- | --- | --- |
| Negative change | -1 | -3 | -5 | -7 | -10 |
| No change | 0 | 0 | 0 | 0 | 0 |
| Positive change | +1 | +3 | +5 | +7 | +10 |

Table 9 provides a brief summary of the options considered and the estimated fees necessary to recover set up costs under each option.

**Table 9: Options and estimated fees**

| **Option** | **Description** | **Fee level** |
| --- | --- | --- |
| Base case | No fee | N/A |
| 1 | Cost recovery with set up costs spread over 2 years | $974 |
| 2 | Cost recovery with set up costs spread over 4 years  | $591 |
| 3 | Cost recovery with set up costs spread over 5 years  | $527 |
| 4 | Cost recovery with set up costs spread over 10 years  | $418 |

**Table 10: Base case analysis**

| **Option description** | **Objectives** | **Score** | **Weighted score** |
| --- | --- | --- | --- |
| **Base case**No fee | Efficiency | 0 | 0 |
| Equity | 0 | 0 |
| Effectiveness | 0 | 0 |
| Simplicity | 0 | 0 |

**Table 11: Option 1 analysis**

| **Option description** | **Objectives** | **Score** | **Weighted score** |
| --- | --- | --- | --- |
| **Option 1**Cost recovery with set up costs spread over 2 years | Efficiency | +7 | +1.75 |
| Equity | -6 | -1.5 |
| Effectiveness | -4 | -1 |
| Simplicity | -3 | -0.75 |

**Efficiency**

Option 1 involves spreading set up costs over a relatively short period. VicRoads would recover all set up costs relatively quickly under Option 1. Fixed assets used to deliver the program primarily comprise IT costs, which are usually considered to depreciate over three to five years Option 1 is less efficient than Options 2 and 3 in terms of the likely depreciation timeframe for these fixed assets.

Option 1 would involve a significant positive change in terms of efficiency.

**Equity**

Option 1 involves recovering set up costs over a two year period which would result in a very high level of cross-subsidisation between offenders participating in the first two years and offenders participating after the first two years. Offenders participating in the first two years would be required to pay a fee comprising set up and ongoing costs. Offenders participating after the first two years would only be required to pay a fee designed to recover ongoing costs. Offenders participating after the first two years would be required to pay a fee that less than half of the fee that offenders participating in the first two years would be required to pay (see Appendix C – Calculation of fee options). Option 1 would involve a moderate negative change in terms of equity.

**Effectiveness**

The fee would be very high for the first two years of the program under Option 1. The higher the fee, the more likely it is to be unaffordable for a larger cohort of offenders. Offenders that the court considers ineligible for an exemption due to severe financial hardship may still choose not to participate in the program due to the costs involved. Offenders choosing not to participate face will not benefit from the program. They will also incur licence sanctions and may resort to unlicensed driving, effectively ‘opting out’ of the licensing system. Option 1 would involve a small negative change in terms of effectiveness.

**Simplicity**

An offender that chooses not to participate in the program will face licence sanctions, which VicRoads must apply to the offender’s licence or permit. VicRoads must also formally notify the offender about the licence sanction. If offenders choose not to participate in the program because they are required to pay a very high fee, VicRoads’ administration costs will increase. VicRoads would need to monitor cost recovery very closely and very regularly to ensure the fee recovers, but does not exceed, set up costs over the first two years (so VicRoads’ day-to-day administration costs may be higher under Option 1 than under any other viable option).

Program providers’ day-to-day administration costs may be reduced to a limited extent if some offenders choose not to participate in the program in the first two years because they consider the fee to be very high. Program providers would potentially be dealing with smaller groups of program participants, or would provide programs less frequently, if some offenders chose not to participate.

The community may find it difficult to understand how the fee is calculated and imposed under Option 1 given offenders participating after the first two years would be required to pay a fee that less than half of the fee that offenders participating in the first two years would be required to pay (see Appendix C – Calculation of fee options).

Option 1 would involve a small negative change in terms of simplicity.

**Table 12: Option 2 analysis**

| **Option description** | **Objectives** | **Score** | **Weighted score** |
| --- | --- | --- | --- |
| **Option 2**Cost recovery with set up costs spread over 4 years | Efficiency | +7 | +1.75 |
| Equity | -4 | -1 |
| Effectiveness | -2 | -0.5 |
| Simplicity | -3 | -0.75 |

**Efficiency**

Option 2 involves spreading set up costs over a four year period. VicRoads would recover all set up costs more slowly under Option 2 than under Option 1. Fixed assets used to deliver the program primarily comprise IT costs, which are usually considered to depreciate over three to five years Option 2 is more efficient than Options 1 and 4 in terms of the likely depreciation timeframe for these fixed assets.

Option 2 would involve a significant positive change in terms of efficiency.

**Equity**

Option 2 involves recovering set up costs over a four year period which would result in some cross-subsidisation between offenders participating in the first four years and offenders participating after the first four years. Offenders participating in the first four years would be required to pay a fee comprising set up and ongoing costs. Offenders participating after the first four years would only be required to pay a fee designed to recover ongoing costs. Offenders participating after the first four years would be required to pay a fee that is slightly lower than the fee that offenders participating in the first four years would be required to pay (see Appendix C – Calculation of fee options). Option 2 would involve a moderate negative change in terms of equity.

**Effectiveness**

The fee would be slightly higher for the first four years of the program under Option 2 than under Options 3 and 4. The higher the fee, the more likely it is to be unaffordable for a larger cohort of offenders. A small number of offenders that the court considers ineligible for an exemption due to severe financial hardship may still choose not to participate in the program due to the costs involved. Offenders choosing not to participate will not benefit from the program. They will also incur licence sanctions and may resort to unlicensed driving, effectively ‘opting out’ of the licensing system. Option 2 would involve a small negative change in terms of effectiveness.

**Simplicity**

An offender that chooses not to participate in the program will face licence sanctions, which VicRoads must apply to the offender’s licence or permit. VicRoads must also formally notify the offender about the licence sanction. If offenders choose not to participate in the program because they are required to pay a higher fee, VicRoads’ administration costs will increase. VicRoads’ day-to-day administration costs may be higher under Option 2 than under Options 3 and 4.

Program providers’ day-to-day administration costs may be reduced marginally if some offenders choose not to participate in the program in the first four years because they consider the fee to be too high. Program providers would potentially be dealing with slightly smaller groups of program participants, or would provide programs less frequently, if some offenders chose not to participate.

The community may find it more difficult to understand how the fee is calculated and imposed under Option 2 than under Options 3 and 4. Offenders participating after the first four years would be required to pay a fee that is lower than the fee that offenders participating in the first four years would be required to pay (see Appendix C – Calculation of fee options).

Option 2 would involve a small negative change in terms of simplicity.

**Table 13: Option 3 analysis**

| **Option description** | **Objectives** | **Score** | **Weighted score** |
| --- | --- | --- | --- |
| **Option 3**Cost recovery with set up costs spread over 5 years | Efficiency | +8 | +2 |
| Equity | -3 | -0.75 |
| Effectiveness | -2 | -0.5 |
| Simplicity | -2 | -0.5 |

**Efficiency**

Option 3 involves spreading set up costs over a five year period. VicRoads would recover all set up costs more slowly under Option 3 than under Option 1 and marginally more slowly than under Option 2. Fixed assets used to deliver the program primarily comprise IT costs, which are usually considered to depreciate over three to five years Option 3 is more efficient than Options 1 and 4 in terms of the likely depreciation timeframe for these fixed assets.

Option 3 would involve a significant positive change in terms of efficiency.

**Equity**

Option 3 involves recovering set up costs over a five year period which would result in some cross-subsidisation between offenders participating in the first five years and offenders participating after the first five years. Offenders participating in the first five years would be required to pay a fee comprising set up and ongoing costs. Offenders participating after the first five years would only be required to pay a fee designed to recover ongoing costs. Offenders participating after the first five years would be required to pay a fee that is slightly lower than the fee that offenders participating in the first five years would be required to pay (see Appendix C – Calculation of fee options). Option 2 would involve a small negative change in terms of equity.

**Effectiveness**

The fee would be slightly higher for the first five years of the program under Option 3 than under Option 4. The higher the fee, the more likely it is to be unaffordable for a larger cohort of offenders. A very small number of offenders that the court considers ineligible for an exemption due to severe financial hardship may still choose not to participate in the program due to the costs involved. Offenders choosing not to participate will not benefit from the program. They will also incur licence sanctions and may resort to unlicensed driving, effectively ‘opting out’ of the licensing system. Option 3 would involve a small negative change in terms of effectiveness.

**Simplicity**

An offender that chooses not to participate in the program will face licence sanctions, which VicRoads must apply to the offender’s licence or permit. VicRoads must also formally notify the offender about the licence sanction. If offenders choose not to participate in the program because they are required to pay a higher fee, VicRoads’ administration costs will increase. VicRoads’ day-to-day administration costs may be higher under Option 3 than under Option 4.

Program providers’ day-to-day administration costs may be reduced marginally if some offenders choose not to participate in the program in the first four years because they consider the fee to be too high. Program providers would potentially be dealing with slightly smaller groups of program participants, or would provide programs less frequently, if some offenders chose not to participate.

The community may find it more difficult to understand how the fee is calculated and imposed under Option 3 than under Option 4. Offenders participating after the first five years would be required to pay a fee that is lower than the fee that offenders participating in the first five years would be required to pay (see Appendix C – Calculation of fee options).

Option 3 would involve a weak negative change in terms of simplicity.

**Table 14: Option 4 analysis**

| **Option description** | **Objectives** | **Score** | **Weighted score** |
| --- | --- | --- | --- |
| **Option 4**Cost recovery with set up costs spread over 10 years | Efficiency | +3 | +0.75 |
| Equity | -1 | -0.25 |
| Effectiveness | -1 | -0.25 |
| Simplicity | -1 | -0.25 |

**Efficiency**

Option 4 involves spreading set up costs over a ten year period. VicRoads would recover all set up costs much more slowly under Option 4 than under any other viable option. Fixed assets used to deliver the program primarily comprise IT costs, which are usually considered to depreciate over three to five years. Option 4 is less efficient than Options 2 and 3 in terms of the likely depreciation timeframe for these fixed assets.

Option 4 would involve a small positive change in terms of efficiency.

**Equity**

Option 4 involves recovering set up costs over a ten year period which would result in a low level of cross-subsidisation between offenders participating in the first ten years and offenders participating after the first ten years. Offenders participating in the first ten years would be required to pay a fee comprising set up and ongoing costs. Offenders participating after the first ten years would only be required to pay a fee designed to recover ongoing costs. Offenders participating after the first ten years would be required to pay a fee that is marginally lower than the fee that offenders participating in the first ten years would be required to pay (see Appendix C – Calculation of fee options). Option 2 would involve a weak negative change in terms of equity.

**Effectiveness**

The fee would be slightly higher for the first ten years of the program than after the first ten years under Option 4. The higher the fee, the more likely it is to be unaffordable for a larger cohort of offenders. Offenders that the court considers ineligible for an exemption due to severe financial hardship are less likely to choose not to participate in the program due to the costs involved under Option 4 than under any other viable option. Offenders choosing not to participate will not benefit from the program. They will also incur licence sanctions and may resort to unlicensed driving, effectively ‘opting out’ of the licensing system. Option 4 would involve a weak negative change in terms of effectiveness.

**Simplicity**

An offender that chooses not to participate in the program will face licence sanctions, which VicRoads must apply to the offender’s licence or permit. VicRoads must also formally notify the offender about the licence sanction. If offenders choose not to participate in the program because they are required to pay a higher fee, VicRoads’ administration costs will increase. VicRoads’ day-to-day administration costs are likely to be lower under Option 4 than under any other viable option.

Program providers’ day-to-day administration costs may be reduced marginally if some offenders choose not to participate in the program in the first ten years because they consider the fee to be too high. Program providers would potentially be dealing with slightly smaller groups of program participants, or would provide programs less frequently, if some offenders chose not to participate. This is less likely to occur under Option 4 than under any other viable option.

The community are likely to find it relatively easy to understand how the fee is calculated and imposed under Option 4. Offenders participating after the first ten years would be required to pay a fee that is marginally lower than the fee that offenders participating in the first ten years would be required to pay (see Appendix C – Calculation of fee options).

Option 4 would involve a weak negative change in terms of simplicity.

## Fee options analysis summary

Option 3, where the set up costs are recovered over five years, best meets the objectives with a weighted score of +0.25.

**Table 15: Summary of Multi-Criteria Analysis – Weighted Scores**

| **Option** | **Description** | **Efficiency** | **Equity** | **Effectiveness** | **Simplicity** | **Weighted total** |
| --- | --- | --- | --- | --- | --- | --- |
| **Base** **case** | No fee | 0  | **0** | **0** | **0**  | **0** |
| **1** | Set up costs spread over 2 years | +1.75 | **-1.5** | **-1** | **-0.75** | **-1.5** |
| **2** | Set up costs spread over 4 years | +1.75 | **-1** | **-0.5** | **-0.5** | **-0.25**  |
| **3** | Set up costs spread over 5 years | +2 | **-0.75** | **-0.5** | **-0.5** | **+0.25** |
| **4** | Set up costs spread over 10 years | +0.75 | **-0.25** | **-0.25** | **-0.25**  | **0** |

1. IMPACT ON SMALL BUSINESS AND COMPETITION

VicRoads anticipates that some of the approved program providers may be small businesses. Although program administration may affect approved providers, the administrative fee level will not impose a disproportionate burden on approved providers that may be small businesses, nor will it impose restrictions on competition.

1. CONSULTATION, MONITORING, REVIEW AND EVALUATION

Representatives from the DOJ, DPC, DTF, the Magistrates' Court of Victoria, Victoria Police and VicRoads contributed to developing the Safe Driving Program framework set out in the *Road Safety Amendment Act 2012*.

Final development and evaluation of the fee level and structure will be informed by public input to this RIS process. The fee will also be formally reviewed:

* 12 months after the program commences;
* annually throughout the program’s life; and
* before the Government Gazette expires.

Government has made a commitment to closely monitor the program and program costs. VicRoads has established governance arrangements to ensure the fee is monitored effectively on an ongoing basis. VicRoads will assess actual fees collected against actual establishment and operational costs, and will adjust the fee if necessary to avoid over-recovery.

VicRoads proposes to monitor costs and evaluate the program in accordance with the VGR, as summarised in table 16 below.

**Table 16: Safe Driving Program monitoring and evaluation summary**

| **Criteria** | **How VicRoads will monitor and evaluate the Safe Driving Program** |
| --- | --- |
| Baseline data and/or information collected to judge the effectiveness of the measure, and how frequently this information will be collected | VicRoads will collect and report on an annual basis:* income received from fees
* ongoing program costs
* how many offenders are charged with relevant offences
* how many exemptions the Court grants
* how many offenders undertake the program
 |
| Key performance indicators (KPIs) that will be used to measure the success of the measure, and the nature of the reporting of these KPIs (eg through annual reports) | VicRoads will collect and report on an annual basis:* income received from fees
* ongoing program costs
* projected program costs including the projected number of participants based on projected offence rates
 |
| Details of other measures that will be used as part of the ongoing evaluation process, eg the arrangements for ongoing consultation with groups affected by the regulation. | VicRoads will monitor feedback from all stakeholders, including Victoria Police, courts, approved providers, the community and offenders. |

VicRoads also expects that monthly program costs and impacts reports will be required to manage and monitor program effectiveness and costs.

VicRoads will determine if the fee needs to be adjusted to achieve full cost recovery. A material impact on ongoing costs or the expected recovery period for set up costs may trigger the need to change the fee, eg if VicRoads processes a significantly higher or lower volume of program participants during the first year (or any year during the subsequent four years) of the program.

1. CONCLUSION

Victoria’s Cost Recovery Guidelines state that as a general principle, fees should be set at cost recovery unless there are important policy reasons not do so. Legislation requires VicRoads to provide a number of road safety programs, including the Safe Driving Program, and the Government has made it clear that offenders will be required to pay a fee to recoup program implementation and administration costs.

Option 3, where the set up costs are recovered over five years, has been assessed as the preferred option. The fee will be set at $527. The fee will be designed to ensure that set up costs will be recovered over a fixed period, and ongoing costs will be recovered on an ongoing basis.

In conclusion:

* the proposed fee is set in accordance with the cost recovery principles in the VGR and Cost Recovery Guidelines
* the costs the fee will recover are ‘efficient costs’
* the total fees to be recovered will not exceed cost recovery
* the proposed fee does not impose restrictions on competition; and
* the fee level will not disadvantage small business.

**Appendix A - Legislative powers and policy for the fee**

*Amendments to the Road Safety Act*

The *Road Safety Amendment Act 2012*, passed by Parliament on 28 August 2012, will amend the *Road Safety Act 1986* to facilitate the new Safe Driving Program. The relevant provisions of the Act will take effect upon proclamation or on 1 April 2013 if not proclaimed earlier.

Section 84BT will require a person participating in an approved safe driving program to pay the fee to the approved program provider. Section 84BU will require the provider to send the fee to VicRoads. VicRoads will have the power to determine the fee payable by participants in a Safe Driving Program under the proposed new section 84BV of the *Road Safety Act 1986* as follows:

**Section 84BV: Corporation may determine fee**

1. The Corporation may determine from time to time the fee to be imposed on persons for participating in an approved safe driving program conducted by an approved provider.
2. A determination under subsection (1) must be made by notice published in the Government Gazette.

 (3) In determining the amount of the fee, the Corporation must ensure that the total fees collected do not exceed the costs of the implementation and administration of the safe driving program scheme established under this Part.

Other key provisions in the Act relevant to the level and collection of the fee are listed below:

Section 84BL: Court order for completion of approved safe driving program

 (1) Subject to subsections (2) and (3), the court must order that a person complete an approved safe driving program if—

 (a) the person is found guilty of an applicable offence; and

 (b) in relation to the offence—

 (i) a motor vehicle has been impounded or immobilised by a member of the police force under Division 2 of Part 6A; or

 (ii) a motor vehicle has been impounded, immobilised or forfeited under a court order made under Division 3 of Part 6A.

 (2) The court must not order that a person complete an approved safe driving program if the person provides to the court written evidence of having already completed an approved safe driving program provided by an approved provider.

1. In exceptional circumstances, the court may exempt a person from completing an approved safe driving program.

 (4) A person may apply to the court for an exemption under subsection (3)—

 (a) at the hearing of the charge for the applicable offence; or

 (b) at any time after the court has made an order under subsection (1).

 (5) The court must notify the Corporation of—

 (a) the making of an order under subsection (1); or

 (b) the granting of an exemption under subsection (3).

*Safe Driving Program fee policy intent*

The Safe Driving Program and the requirement to pay the fee is in addition to the financial penalty for the applicable offence. Relevant excerpts from the Explanatory Memorandum and the Second Reading Debate on the Road Safety Bill 2012 are set out below:

The Introduction Print of the Explanatory Memorandum for the Road Safety Bill 2012 provides:

*The new section 84BV(3) provides that VicRoads must ensure that the total fees collected do not exceed the costs of the implementation and administration of the safe driving program scheme established by Part 6AB. The intention of Division 4 is to enable VicRoads to recover from safe driving program participants the costs of establishing and administering (on an ongoing basis) the safe driving programs scheme. The costs involved in establishing the program will be recovered over a fixed period. Ongoing costs involved in the administration of the scheme will be recovered on an ongoing basis. The fee provided for in section 84BV(1) is intended to enable the recovery of these costs and will be calculated with this objective in mind.* [[30]](#footnote-30)

The Member for Carrum made the following statement during debate:

*The cost of a course for an offender will be recovered in full by the fee paid by the hoon offender, and we believe this will be approximately $1000; facing the prospect of a $1000 fine will be a strong incentive not to hoon.* [[31]](#footnote-31)

The Member for Oakleigh made the following statement during debate:

 *The cost of implementing and administering the safe-driving course will be recovered in full through a fee paid by the hoon offenders, and again that is something that my local residents welcome.[[32]](#footnote-32)*

The Member for Hastings made the following statement during debate:

 *The scheme will be administered on a full cost recovery basis.[[33]](#footnote-33)*

The Member for Mount Waverley made the following statement during debate:

*But it goes further, ensuring that if there is a cost to VicRoads, a portion of that cost should also be borne by the person having to undertake the course. While taxpayers have a responsibility to promote safe driving, they should not have to shoulder all of that burden and responsibility. Again, I think the coalition government is sending an important signal that people who undertake these acts, who put themselves and others in danger, not only have to undertake a safe-driving course but also have to accept the consequences of their actions financially; and they may have to pay a fee on top of the fee for conducting the safe-driving course.[[34]](#footnote-34)*

**Appendix B - Costs summary**

| **Establishment activities- developing and implementing the Safe Driving Program** | **Component cost** | **Subtotal** |
| --- | --- | --- |
| ***Program requirement and content development*** |   |   |
| * Determining best practice principles for new Safe Driving Program content
 | $22,000 |   |
| * Analysing hoon offence data and evaluating offence histories
 | $36,692 |   |
| * Developing program provider requirements
 | $39,492 |   |
| * Developing program content
 | $54,627 |   |
| * Pilot testing the program
 | $62,444 |   |
| * VicRoads’ Road Safety staffing costs
 | $76,000 |   |
| **Subtotal** |  | **$291,255** |
| ***Expert input*** |   |  |
| * Seeking and obtaining advice from road safety and offender experts
 | $26,588 |  |
| * Co-ordinating road safety and offender experts
 | $28,200 |  |
| * Project management / oversight of program requirements and content development
 | $41,900 |  |
| * VicRoads’ Road Safety staffing costs
 | $34,000 |  |
| **Subtotal** |   | **$130,688** |
| ***Short listing / evaluation process*** |   |  |
| * Developing program evaluation process and instruments
 | $39,666 |  |
| * VicRoads’ Road Safety staffing costs
 | $13,000 |  |
| **Subtotal** |   | **$52,666** |
| ***Establishing and conducting EOI and provider approvals***  |   |  |
| * Developing EOI and approval process and documentation, and executing EOI and approval process
 | $50,000 |  |
| * VicRoads’ Road Safety staffing costs
 | $319,500  |  |
| **Subtotal** |   | **$81,500** |
| ***Communications and awareness*** |   |  |
| * Internal communications - training staff and developing training materials
 | $9,000 |  |
| * VicRoads’ Road Safety staffing costs
 | $2,500 |  |
| **Subtotal** |   | **$11,500** |

| ***Business process and systems changes*** |   |  |
| --- | --- | --- |
| *Project initiation, scoping and management* |   |  |
| * Undertaking analysis to identify and document business requirements and process flows
* Defining functional specifications
* Managing the project
 |   |  |
| **Subtotal** |   | **$399,961** |
| *Define business rules, work instructions and workflow* |   |  |
| * Business Rules
 | $43,158 |  |
| * Work instructions
 | $33,411 |  |
| * Workflow & forms
 | $19,349 |  |
| **Subtotal** |   | **$95,919** |
| *Customer communications*  |   |  |
| Drafting letters to inform customers of the Safe Driving Program events that occur in the lifecycle:* the requirement to undertake the program
* when a licence sanction is applied for failure to attend the program within the required period
* when demerit point bans are applied
 | $117,100 |  |
| Compiling frequently asked questions for Customer Service Centre and Call Centre staff | $5,549 |  |
| Developing website content, and designing and building the website | $30,827 |  |
| **Sub total** |   | **$153,477** |
| Defining course provider correspondence |   | **$10,204** |
| Defining reports for operational reporting and monitoring of program outcomes |   | **$12,331** |
| Developing a training plan and training material, scheduling and conducting training |   | **$31,662** |
| Designing, building, testing and modifying systems |   | **$912,600** |
| Courts |   |  |
| * Systems changes
 |   | **$50,000** |
| * Judicial college costs
 |   | **$240,000** |
| **Total** |  | **$2,543,761** |

| **Ongoing operational activities for the Safe Driving Program** | **Component cost** | **Subtotal** |
| --- | --- | --- |
| ***Front office (Call Centre and Customer Service Centre) functions*** |   |   |
| * Responding to simple queries
 |   | **$24,487** |
| * Processing Safe Driving Program completion certificates
 |   | **$72,270** |
| ***Back office functions*** |   |  |
| Processing court orders for the Hoon Safe Driving Program* Registering that the person has been ordered to undertake the Safe Driving Program in VicRoads’ system
* Issuing correspondence to the person informing them of the requirement to undertake the program
* Monitoring program attendance and apply licence sanctions if the person fails to attend, and issuing relevant correspondence
* Manage the intervention of demerit point bans with sanctions arising from the Safe Driving Program, and issuing relevant correspondence
 |   | **$45,719** |
| Responding to complex queries  |   | **$73,598** |
| * Telephone queries & written correspondence
 | $38,866 |  |
| * Preparing Ministerial briefings (responding to specific issues raised in relation to the Safe Driving Program)
 | $34,732 |  |
| Managing program providers |   | **$198,713** |
| * Auditing program content delivery
 | 99,105 |  |
| * Auditing operational compliance
 | $39,712 |  |
| * Managing service delivery
 | $33,343 |  |
| * Managing receipt of surcharge fees and attendance information
 | $2,084 |  |
| * Surcharge payments and attendance reconciliation
 | $2,084 |  |
| * Annual course provider re-accreditation
 | $22,386 |  |
| Annual surcharge review  |   | **$9,225** |
| Reporting on the Safe Driving Program |  | **$27, 386** |
| * Operational Reporting
 | $18,991 |  |
| * Financial Reporting
 | $8,395 |  |
| Annual Safe Driving Program behavioural outcome evaluation |   | **$70,495** |
| * Approve new providers
 |  | **$9,225** |
| * Update program structure and content
 |  | **$95,900** |
| ***Maintenance/support*** |   | **$40,996** |
| * Driver Licensing System functions specific to Safe Driving Program
 | $35,400 |  |
| * Safe Driving Program website
 | $5,596 |   |
| **Total** |  | **$668,014** |

**Appendix C - Calculation of fee options**

|  **Assumptions**  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Base costs to be recovered** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Estimated ongoing management cost - year 1 | $668,014 |  |  |  |  |  |  |  |  |  |  |
|  | Estimated program establishment cost |  |  | $2,543,761 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Escalation |  |  | 2.5% |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Estimated program participants | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** |  |  |  |
|  |  | 1,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  **Step 1: Annual program management** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** |  |  |  |
|  | Escalated annual program management | $668,014 | $684,714 | $701,832 | $719,378 | $737,362 | $755,796 | $774,691 | $794,059 | $813,910 | $834,258 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  **Step 2: Allocate annual program establishment costs** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Escalated annual allocation |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  1 | 2 yr recovery period | $1,271,881 | $1,271,881 |   |   |   |   |   |   |   |   |  |  |  |
|  2 | 4 yr recovery period | $635,940 | $635,940 | $635,940 | $635,940 |   |   |   |   |   |   |  |  |  |
|  3 | 5 yr recovery period | $508,752 | $508,752 | $508,752 | $508,752 | $508,752 |   |   |   |   |   |  |  |  |
|  4 | 10 yr recovery period | $254,376 | $254,376 | $254,376 | $254,376 | $254,376 | $254,376 | $254,376 | $254,376 | $254,376 | $254,376 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  **Step 3: Total estimated annual cost for recovery period** |  |  |  |  |  |  |  |  |  |  | **Total ecovery** |  |  |
|  1 | 2 yr recovery period | 1,939,895 | 1,956,595 |  |  |  |  |  |  |  |  | 3,896,490 |  |  |
|  2 | 4 yr recovery period | 1,303,954 | 1,320,655 | 1,337,773 | 1,355,318 |  |  |  |  |  |  | 5,317,700 |  |  |
|  3 | 5 yr recovery period | 1,176,766 | 1,193,467 | 1,210,584 | 1,228,130 | 1,246,115 |  |  |  |  |  | 6,055,062 |  |  |
|  4 | 10 yr recovery period | 922,390 | 939,090 | 956,208 | 973,754 | 991,739 | 1,010,173 | 1,029,068 | 1,048,435 | 1,068,286 | 1,088,634 | 0,027,777 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  **Step 4: Average annual surcharge** | **Total recovery** | **Total participants** | **Average fee** |  |  |  |  |  |  |  |  |  |  |
|  1 | 2 yr recovery period | $3,896,490 | 4,000 | $974 |  |  |  |  |  |  |  |  |  |  |
|  2 | 4 yr recovery period | $5,317,700 | 9,000 | $591 |  |  |  |  |  |  |  |  |  |  |
|  3 | 5 yr recovery period | $6,055,062 | 11,500 | $527 |  |  |  |  |  |  |  |  |  |  |
|  4 | 10 yr recovery period | $10,027,777 | 24,000 | $418 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  **Step 5: Estimated future year fees** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** |   |   |   |
|  1 |  |   |   | $281 | $288 | $295 | $302 | $310 | $318 | $326 | $334 |  |  |  |
|  2 |  |   |   |   |   | $295 | $302 | $310 | $318 | $326 | $334 |  |  |  |
|  3 |  |   |   |   |   |   | $302 | $310 | $318 | $326 | $334 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  **Calculation notes:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  ***Step 1:*** *Apportion ongoing program management costs across all participants in each year of the recovery period for each option.* *The first year nominal cost estimate has been escalated at a rate of 2.5% p.a.*  |
|  ***Step 2:*** *Apportion the estimated establishment cost across all participants in each year of the recovery period for each option.*  |
|  ***Step 3:*** *Add together the fees calculated in steps 1 and 2 for the recovering ongoing management and establishment costs to produce the total recovery amount.* |
|  ***Step 4:*** *Divide the total recovery amount by the total participants expected during the recovery period to calculate the average fee.* |  |  |  |  |  |  |  |
|  ***Step 5*:** *Show the estimated fee once program establishment costs have been recovered. The fee in future years will only recover escalated ongoing program management costs.* |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Appendix D –Cost recovery principles**

**Summary of consideration of cost recovery principles**

| **Step** | **Issue** | **Consideration** |
| --- | --- | --- |
| **Appropriateness of cost recovery** |
| **1** | Is provision of the output or level of regulation appropriate? | * The Act enables offenders to be charged fees to recover the cost of implementing and administering the Safe Driving Program
 |
| **2** | What is the nature of the output or regulation? | * The Safe Driving Program is part of the penalty for applicable offences involving unsafe or ‘hoon’ driving
 |
| **3** | Who could be charged? | * An offender who has been found guilty of a specific unsafe or ‘hoon’ driving offence and had a vehicle impounded or immobilised
 |
| **4** | Is charging feasible, practical and legal? | * The Act requires offenders to be charged fees to recover the cost of implementing and administering the program
 |
| **5** | Is full cost recovery appropriate? | * The Act requires offenders to pay fees to participate in the Safe Driving Program
* The Act provides that VicRoads may, from time to time, determine the fee to be paid by offenders
* Government policy is that fees should be set on a full cost recovery basis
* The Act requires that the total fees collected do not exceed the costs of implementing and administering the program
* The fee must be paid in addition to any financial penalty imposed by the Court and in addition to any commercial fee that the program provider may charge the offender
* The cost recovery charges are based on efficient costs. Fee payment and collection has been designed to minimise costs to the offender, the program provider and Government (potential for multiple visits to VicRoads Customer Services Centres, and for unpaid fees and bad debts, have been minimised)
* Penalties, or fees for programs that form part of the penalty, should not be subsidised by safe drivers or tax payers generally
* Unsafe drivers paying full costs is consistent with the ‘user pays’ principle
 |
| **COST STRUCTURES AND NATURE OF CHARGES** |
| **6** | Which costs should be recovered? | Government policy is that fees be set on a full cost recovery basis. |
| **7** | How should charges be structured? | The Act provides that, in determining the amount of the fee, VicRoads must ensure that total fees collected do not exceed the costs of implementing and administering the program |
| **8** | Are cost recovery charges based on efficient costs? | Costs are variable depending on the behaviour of the parties and, in most part, beyond the scope of this RISThe interagency working party trialled and tested the program design to ensure that the program will be effective and efficientThe Act sets out a process to minimise additional transaction costs by not requiring the offender to pay the fee directly to VicRoads (to minimise potential for the offender needing to visit multiple sites and refunds for no shows) Fee reflects costs imposed by users - additional administrative costs are minimised and/or avoided Cross subsidisation has been minimised but some cross-subsidisation of ongoing costs will occur (some cross-subsidisation is unavoidable, eg program costs may be greater in rural areas) |
| **IMPLEMENTATION FEATURES** |
| **9** | What is the importance of consultation? | * Preliminary consultation with Victoria Police, DOT, DOJ, DPC, DTF and the Courts during development of the Road Safety Amendment Bill has assisted and minimised costs in the development of the Safe Driving Program
* Promotes transparency in costs
* Ensures there are no complex arrangements that introduce unjustified costs and unnecessary confusion
* Reflects Government’s commitment to closely monitor the program and costs
 |
| **10** | How should cost recovery arrangements be monitored and reviewed? | * Government has designed the fee (the fee will be set out as a dollar amount and published in the Government Gazette) and made a commitment to closely monitor the program and costs
* The Safe Driving Program, impacts, outcomes and the fee will be monitored and reviewed on an annual basis
* Monthly and yearly reports of numbers and activities of offenders will be monitored and reviewed (for both cost and effectiveness)
* Exemption and recidivism rates will also be monitored
 |

**Appendix E –Submission Information**

**Have your say**

Please send your comments to VicRoads by 5.00pm on Thursday 31 January 2013.

It is preferred that comments be sent to VicRoads by email in WORD format.

Electronic versions of submissions can be emailed to VicRoads at:

safedrivingprogramfee@roads.vic.gov.au

Written comments can be posted or delivered to:

Safe Driving Program Fee

VicRoads Policy and Programs

Level 4 South Building

60 Denmark St

Kew Vic 3101

Submissions should be marked ‘Safe Driving Program Fee – Submission’.

|  |
| --- |
| Please note:All submissions will be treated as public documents unless they include a specific request to the contrary. All submissions are subject to the *Freedom of Information Act 1982*. |

**Appendix** **F – Draft Government Gazette**

**Road Safety Act 1986**

DETERMINATION OF FEE FOR PARTICIPATION IN AN APPROVED SAFE DRIVING PROGRAM CONDUCTED BY AN APPROVED PROVIDER

1. **Purpose**

The purpose of this notice is to determine the fee to be imposed on persons for participating in an approved safe driving program conducted by an approved provider under section 84BV of the **Road Safety Act 1986**.

1. **Authorising provision**

This determination is made under section 84BV of the **Road Safety Act 1986**. Section 84BV(1) provides that the Roads Corporation may determine from time to time the fee to be imposed on persons for participating in an approved safe driving program conducted by an approved provider.

Section 84BV(2) provides that a determination made under section 84BV(1) must be made by notice published in the Government Gazette.

Section 84BV(3) provides that, in determining the amount under section 84BV(1), the Roads Corporation must ensure that the total fees collected do not exceed the costs of the implementation and administration of the safe driving program scheme established under Part 2 of the **Road Safety Act 1986**.

1. **Commencement**

This determination takes effect on the date that it is published in the Government Gazette.

1. **Expiry**

This determination expires on the date that is five years after the day that it is published in the Government Gazette.

1. **Determination of fee amount**

I, Gary Liddle, Chief Executive of the Roads Corporation, have determined that the fee to be imposed on persons for participating in an approved safe driving program is $527.

Dated

GARY LIDDLE

Chief Executive

Roads Corporation

1. The Government Gazette setting the fee will be a ‘legislative instrument’ for the purposes of the *Subordinate Legislation Act 1994.* [↑](#footnote-ref-1)
2. Apart from in the first year of the program where fewer offenders will participate in the program (revenue in the first year is likely to be $790,500). [↑](#footnote-ref-2)
3. Victorian Government’s Cost Recovery Guidelines (Department of Treasury and Finance May 2010). This commitment also appears in the Second Reading Speech for the Road Safety Amendment Bill 2012, Legislative Assembly, 2 May 2012, page 2022. [↑](#footnote-ref-3)
4. Parliament passed the amendments on 28 August 2012. [↑](#footnote-ref-4)
5. Cost Recovery Guidelines May 2010, page 1. [↑](#footnote-ref-5)
6. Cost Recovery Guidelines May 2010, page 6. [↑](#footnote-ref-6)
7. ‘Vertical equity’, on the other hand, refers to those with greater means contributing proportionately more than those with lesser means. In the context of cost recovery, vertical equity may be affected if different charging arrangements apply to different groups of users or industries. For example, concessions may be provided on certain charges to particular user groups (eg those on low incomes), where the goal is to maximise these groups’ access to certain goods and services. [↑](#footnote-ref-7)
8. Cost Recovery Guidelines May 2010, page 6. [↑](#footnote-ref-8)
9. Cost Recovery Guidelines May 2010, pages 6 and 7. [↑](#footnote-ref-9)
10. Introduction Print Explanatory Memorandum, Road Safety Amendment Bill 2012, page 13. [↑](#footnote-ref-10)
11. Introduction Print Explanatory Memorandum, Road Safety Amendment Bill 2012, page 8. [↑](#footnote-ref-11)
12. Introduction Print Explanatory Memorandum, Road Safety Amendment Bill 2012, Page 13. [↑](#footnote-ref-12)
13. Cost Recovery Guidelines May 2010, page 1. [↑](#footnote-ref-13)
14. Projections based on indicative Victoria Police data on the number of offenders found guilty of applicable offences, where the vehicle was impounded or immobilised. A similar volume of applicable offences occurred in 2010-11 and 2011-12. [↑](#footnote-ref-14)
15. VicRoads does not expect 2,500 participants to complete the program in the first year. It can take up to 12 months for an offender to be processed at court after the offence is detected. Offenders will then have a further four months to complete the program. VicRoads estimates that the number of offences expected to proceed to court in the first year, based on these timeframes, will be approximately 1,500. [↑](#footnote-ref-15)
16. Indicative Victoria Police data at 30 September 2012. [↑](#footnote-ref-16)
17. VicRoads is satisfied that the quote provided for the automated solution appears to be reasonable and comparable to other similar work performed previously. [↑](#footnote-ref-17)
18. Victorian Guide to Regulation, Edition 2.1, August 2011, page 83. [↑](#footnote-ref-18)
19. The instrument that creates the fee is also relevant to calculating fee options. The Act requires the fee to be published in the Government Gazette. This Government Gazette will be a legislative instrument for the purposes of the *Subordinate Legislation Act 1994*, and the fee will be specified as a nominal dollar amount. A new Government Gazette will need to be made to change the fee. See *limitations as to design* below. [↑](#footnote-ref-19)
20. Calculations are set out in Appendix C. [↑](#footnote-ref-20)
21. VicRoads expects that initial transactions during the first year of the program will take longer to complete as staff familiarise themselves with the actions they need to perform. This is anticipated to take approximately nine months as the full lifecycle of the various hoon offender cohorts pass through the Safe Driving Program from start to finish. The anticipated additional effort during the first year will be comparable with the effort associated with processing higher offender volumes in subsequent years. [↑](#footnote-ref-21)
22. Based on data from 1 January 2009 to 31 December 2011 from the Sentencing Advisory Council’s SACStat website: <http://www.sentencingcouncil.vic.gov.au/sacstat/home.html> (accessed on 8 October 2012). [↑](#footnote-ref-22)
23. Second Reading Speech for the Road Safety Amendment Bill 2012, Legislative Assembly, 2 May 2012, page 2022. [↑](#footnote-ref-23)
24. Introduction Print Explanatory Memorandum, Road Safety Amendment Bill 2012, Page 9. [↑](#footnote-ref-24)
25. Section 4 of the *Monetary Units Act 2004* provides: Meaning of’ fee unit’ -

If in an Act or statutory rule there is a statement of a number (whether whole, fractional or decimal) of what are called fee units, that statement must, unless the context otherwise requires, be construed as stating a number of dollars equal to the product obtained by multiplying the number of fee units by the amount fixed from time to time by the Treasurer under section 5(3).

Section 3 provides that ‘statutory rule’ has the same meaning as in the *Subordinate Legislation Act 1994*. [↑](#footnote-ref-25)
26. Introduction Print Explanatory Memorandum, Road Safety Amendment Bill 2012, Page 13 [↑](#footnote-ref-26)
27. The estimated annual fee beyond the recovery periods is based on current projections for ongoing program costs and will be indexed annually by CPI (see Appendix C). [↑](#footnote-ref-27)
28. See note 25 above. [↑](#footnote-ref-28)
29. See note 25 above. [↑](#footnote-ref-29)
30. Introduction Print Explanatory Memorandum, Road Safety Amendment Bill 2012, Page 13 [↑](#footnote-ref-30)
31. Second Reading Debate on the Road Safety Amendment Bill 2012, Legislative Assembly, 14 August 2012, page 3052 [↑](#footnote-ref-31)
32. Second Reading Debate on the Road Safety Amendment Bill 2012, Legislative Assembly, 14 August 2012, page 3053 [↑](#footnote-ref-32)
33. Second Reading Debate on the Road Safety Amendment Bill 2012, Legislative Assembly, 16 August 2012, page 3222 [↑](#footnote-ref-33)
34. Second Reading Debate on the Road Safety Amendment Bill 2012, Legislative Assembly, 16 August 2012, page 3230 [↑](#footnote-ref-34)