

# Regulatory Impact Statement

## Proposed Fines Reform and Infringements Amendment Regulations 2017



In association with



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This Regulatory Impact Statement (RIS) has been prepared with the assistance of Rivers Economic Consulting and Tim Harding & Associates to fulfil the requirements of the *Subordinate Legislation Act 1994* and to facilitate public consultation on the proposed Fines Reform Regulations 2017 and Infringements Amendment Regulations 2017.

In accordance with the Victorian Guide to Regulation, the Victorian Government seeks to ensure that proposed regulations are well-targeted, effective and appropriate, and impose the lowest possible burden on Victorian businesses, individuals and the community.

A key function of the RIS process is to provide members of the public with the opportunity to comment on proposed statutory rules before they are finalised. Such public input can provide valuable information and perspectives, and thus improve the overall quality of the regulations. A copy of the proposed regulations is provided as an attachment to this RIS.

Public comments and submissions are invited on the proposed regulations and in response to information provided in this RIS. All submissions will be treated as public documents. Written comments and submissions should be forwarded by no later than 5.00pm, 2 November 2017 to:

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or emailed to: [isou@justice.vic.gov.au](mailto:isou@justice.vic.gov.au)

Please clearly identify that your comments or submission relates to the RIS by placing 'Fines Reform Regulations 2017 and Infringements Amendment Regulations 2017' in the email subject line. All comments and submissions will be considered prior to the Regulations being made.

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## Summary

### Introduction

The *Fines Reform Act 2014* (Fines Reform Act) establishes a new fines recovery model in Victoria, with responsibility for the collection and enforcement of infringement fines and court fines vesting in the Director of a new administrative body known as ‘Fines Victoria’. Fines Victoria will provide a single point of contact for the public to pay or deal with their unpaid fines. As part of the new fines recovery model, new Fines Reform Regulations 2017 are proposed to be made, while the Infringements Amendment Regulations 2017 are to amend the current Infringements Regulations 2016 when the Fines Reform Act commences. These are referred to as ‘the proposed regulations’.

The proposed Fines Reform Regulations 2017 prescribe the following for the purposes of the Fines Reform Act:

- (a) details that must be included in a range of documents relating to the enforcement of infringement fines and court fines under the Fines Reform Act
- (b) forms of enforcement warrant, statements of financial circumstances and other forms required to be prescribed under the Fines Reform Act
- (c) procedural matters relating to oral examination, attachment of earnings directions and attachment of debts directions under the Fines Reform Act
- (d) procedural and administrative matters relating to Community Work Permits (CWPs) issued under the Fines Reform Act, and
- (e) other matters required or permitted to be prescribed under the Fines Reform Act.

The proposed Infringements Amendment Regulations 2017 prescribe the following for the purposes of the *Infringements Act 2006* (Infringements Act), parts of which will remain in force following the start of the Fines Reform Act:

- (a) the penalty reminder notice (PRN) fee payable under the Infringements Act
- (b) details that must be included in a range of documents relating to the pre-enforcement stage of the infringements system under that Act
- (c) the information that enforcement agencies need to provide to the Attorney-General under that Act, and
- (d) other matters required to be prescribed under that Act.

Fines offer an alternative method for dealing with minor offences, giving the person to whom a notice is issued the option of paying a fixed penalty, rather than proceeding to a court hearing. This system uses incentives such as convenience of payment, lower fine levels than in open court, the avoidance of a conviction being recorded and saving of legal and other costs to resolve matters in an efficient and timely manner. The fines enforcement system provides net benefits to all concerned – the offender, the prosecution, the courts and the justice system generally.

It is proposed there will be four main stages to the fines lifecycle, depending at which stage the fine and fees are paid:

- **Stage 1** – Infringement notice is issued with the original fine amount (no further action if fine paid on time)
- **Stage 2** – PRN is issued with “PRN fee” added to the original fine amount

- **Stage 3** – Infringement fine or court fine is registered with Fines Victoria and a Notice of Final Demand is issued with a further “collection fee” added – the collection fee is made up of the enforcement agency registration activity costs and Fines Victoria enforcement costs, and
- **Stage 4** – Enforcement warrant issued with a further “enforcement warrant fee”. The Sheriff can impose enforcement sanctions if the warrant is ignored by the offender. These warrant enforcement activities are to be recovered through the collection fee.

The ‘fines enforcement system’ as it is discussed in this RIS refers only to stages 2 to 4 of the fines lifecycle. It is noted that a broad range of activities would be undertaken by enforcement agencies and Fines Victoria (currently the Infringements Court) during these stages.

### **Problems and policy objectives**

Given the amendment of the Infringements Act on 1 July 2017 and the currently planned commencement of the Fines Reform Act on 31 December 2017, if the proposed regulations were not made there would be a severe restriction the operation of the fines enforcement system and the ability to enforce the payment of fines. Offenders could, however, be charged and receive a summons to go to court to be prosecuted under a summary hearing for failing to pay a fine, but the courts would not be able to cope with the resulting enormous volume of cases. This would also see a fee problem and a non-fee problem:

#### ***Fee problem***

The fee problem is a lack of prescribed fees resulting in inequitable cross-subsidisation of non-fine paying offenders by non-offenders (taxpayers).

#### ***Non-fee problems***

The non-fee problem is a lack of certain prescribed definitions, criteria and other details, which would severely restrict the operation of the fines enforcement system.

To solve these problems, the following policy objectives of the regulatory proposal are identified:

- to reduce the burden on courts and enforcement agencies and promote law and order by providing for an efficient debt recovery system for persons issued with an infringement fine or court fine, and
- to recover from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under Fines Reform.

The main test for assessing the proposed regulations against the practicable alternatives is their relative net benefit in achieving these policy objectives.

### **Options considered**

Practicable alternatives have been considered for both the fee and non-fee components of the proposed regulations.

As discussed in section 4 of this RIS, non-fee regulations have not been subjected to cost/benefit analysis, as it has been established that there are no significant changes that can be made to improve the non-fee regulations. Issues considered as part of an option for variation of the non-fee regulations are not substantial and include omitting the only non-fee regulations that impose a cost burden. Furthermore, the annual cost of the proposed non-fee regulations, which have been based on conservative estimates is considered so low as to not warrant detailed analysis of options in this RIS. These are summarised in the following table.

**Table 17: Summary of 10-year quantifiable costs of proposed non-fee regulations (\$m)<sup>1</sup>**

Proposed Reg. No.	Nature of costs as compared to the base case based on estimated volumes	Costs imposed on	Annual costs	10-year PV costs
<b>Fines Reform Regulations 2017</b>				
Regulations 14, 15 & 16	Providing information to Director, Fines Victoria or Magistrates' Court on financial circumstances (6,000 directions per annum)	Offenders	\$0.50	\$4.03
Regulations 5, 6, 18 & 19	Meeting additional practices and procedures for applications for AOE and AOD directions (600 applications per annum)	Offenders	\$0.02	\$0.20
<b>Total</b>			<b>\$0.52</b>	<b>\$4.23</b>

\* One off cost

Fees options have been selected as achieving the objective of recovering from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the Fines Reform model, and are assessed in comparison to the 'base case' in which no fees are prescribed (and in which it is assumed that all costs would be funded via general tax revenue). The five fee options analysed in this RIS are:

- **Option A – stratified full cost recovery fees, i.e. detailed fees added to reflect the specific enforcement pathway chosen in each stage**
- **Option B – partial cost recovery PRN fee based on status quo of payment flows and existing regulations**
- **Option C – full cost recovery fees based on status quo of payment flows (the proposed fees option)**
- **Option D – full cost recovery fees with councils<sup>2</sup> and offenders charged for warrant enforcement activities during the warrant stage, and**
- **Option E – full cost recovery fees with *only* offenders charged for warrant enforcement activities during the warrant stage.**

### Assessment of costs and benefits

A summary of the analysis of fee options A to E according to the criteria outlined above is set out in table 30.

**Table 30: Summary and comparison of options A to E against criteria of efficiency, equity and effectiveness**

Base Case/ Fee Option	Enforcement Costs covered by	Efficiency (Offenders)	Equity (Cross subsidisation)	Effectiveness (Adjustment costs)
<b>Base Case</b>	General revenue	Underpriced – over-utilised services	Cross-subsidised by taxpayers to an amount of \$318.71 million per annum	No
<b>Option A</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum	Yes (very high)
<b>Option B</b>	Fees and general revenue	Priced – understates true value of	Cross-subsidised by taxpayers to an amount of \$17.25 million per annum	Yes

<sup>1</sup> See sections A3.1 and A3.2 in Appendix 3 for source of estimates.

<sup>2</sup> Councils, universities and hospitals.

Base Case/ Fee Option	Enforcement Costs covered by	Efficiency (Offenders)	Equity (Cross subsidisation)	Effectiveness (Adjustment costs)
		PRN activities	Proportion of offenders at warrant stage cross-subsidised by offenders at registration stage.	
<b>Option C</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum	Yes
			Proportion of offenders at warrant stage cross-subsidised by offenders at registration stage.	
<b>Option D</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum	Yes (very high)
<b>Option E</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum	Yes (very high)

The overall scores and comparison of fee options against the base case using a Multi-Criteria Analysis (MCA) is summarised in table 31 and assessed against the criteria of efficiency, equity and effectiveness.

**Table 31: MCA fee options**

	Efficiency	Weighting 33.3%	Equity	Weighting 33.3%	Effectiveness	Weighting 33.3%	Total weighted score
Option	Score	Weighted score	Score	Weighted score	Score	Weighted score	
Base Case	+0	<b>+0</b>	+0	<b>+0</b>	+0	<b>+0</b>	<b>+0</b>
Option A	+9	<b>+3.3</b>	+10	<b>3.3</b>	-4	<b>-1.0</b>	<b>+5.3</b>
Option B	+10	<b>+3.0</b>	+7	<b>2.3</b>	-1	<b>-0.3</b>	<b>+5.0</b>
Option C	+10	<b>+3.3</b>	+8	<b>2.7</b>	-1	<b>-0.3</b>	<b>+5.7</b>
Option D	+10	<b>+3.3</b>	+9	<b>3.0</b>	-5	<b>-1.3</b>	<b>+4.7</b>
Option E	+10	<b>+3.3</b>	+9	<b>3.0</b>	-5	<b>-1.3</b>	<b>+4.7</b>

As shown in table 31, Option C provides the highest weighted score of **+5.7**. Option A provides a weighted score of **+5.3** and Option B provides weighted score of **+5.0**. Finally, Options D and E both provide a weighted score of **+4.7**. Section 5 explains the basis for these scores and the subsequent selection of Option C, the proposed fees based on the status quo fee structure, as the preferred option.

It is noted that under Option C there would be a 6.6 million cross-subsidisation paid by 8% of offenders whose matters do not go to warrant stage. However, consideration has also been given to both the cost of upgrade and the ongoing and complex program of delivering reform in planned stages. For this reason, the evaluation section of this RIS (section 10) proposes a review of the fee structure after an interim period and once the impact of the reforms on costs and volumes are understood.

All Australian states have systems for the recovery of unpaid infringement fines, and recover costs through the charging of fees, although in some specific cases the relevant costs are not recovered. Victoria's proposed fees are not unduly higher or lower than those in other states.

A comparison of current fees and proposed fees is set out in table 35. The proposed fees have been calculated using a full activity based costing approach of all activities relevant to the fines enforcement system in stages 2 to 4.

**Table 35: Comparison of current and proposed fees for infringements enforcement**

Description of fee	Current prescribed fee per matter (2017-18)	Proposed fee per matter (2017-18)	% Increase(+)/decrease(-)
<b>PRN fee</b>	\$23.17	\$24.69	+6.56%
<b>Collection fee (registration activity component) (previously enforcement order)</b>	\$36.76	\$54.16	+47.34%
<b>Collection fee (administrative enforcement and warrant enforcement component) (previously lodgement)</b>	\$70.38	\$74.02	+5.18%
<b>Enforcement warrant fee (previously infringement warrant issue)</b>	\$62.22	\$55.99	-10.03%

The proposed regulations are not expected to affect the costs of business (even small businesses) sufficiently to create any significant impact on competition including barriers to entry.

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## Section 1 Background

### 1.1 Introduction

This Regulatory Impact Statement (RIS) assesses the impact of both the proposed Fines Reform Regulations 2017 and Infringements Amendment Regulations 2017 ('the proposed regulations'), and should be read in conjunction with those documents. These regulations are an integrated package and the need for them arises from the passage of the Fines Reform Act, which introduces a new model for the collection and enforcement of both infringement fines and court fines in Victoria.

The current default commencement date for the Fines Reform Act is 31 December 2017. The Fines Reform Amendment Bill 2017, currently in Parliament, provides for a new scheme to better support family violence victims within the infringements system. While the Bill establishes a new default commencement date of 31 May 2018, it remains the Government's intention to commence the Fines Reform Act on 31 December 2017. A range of social justice initiatives commenced early, on 1 July 2017. New regulations are needed under the Fines Reform Act, and the existing Infringements Regulations 2016 need to be amended.<sup>3</sup> The supporting regulatory package needs to be in place by the commencement of the Fines Reform Act.

The broad purposes of the proposed regulations are to prescribe various details that enable the new fines collection and enforcement system to function efficiently and effectively, the fees for various statutory notices and orders issued to fine defaulters, and other procedural and administrative matters.

The proposed regulations are to be made under section 185 of the Fines Reform Act and section 168 of the Infringements Act, both of which provide that the Governor in Council may make regulations with respect to various matters covered by the proposed regulations.

The making of the new regulations requires public consultation and the preparation of a RIS in accordance with the *Subordinate Legislation Act 1994* (Subordinate Legislation Act). This RIS has been prepared to fulfil this requirement. The cost-benefit assessment in section 4 of the RIS identifies the significant economic or social burdens to be imposed by the proposed regulations, which primarily consist of the proposed fees. These fees have been calculated on a cost recovery basis, in accordance with guidelines issued by the Department of Treasury and Finance.

To set the scene for this RIS, and to assist in identifying and describing the problem to be addressed by the proposed regulations, this section provides some general background information about relevant legislation and policies regarding the fines system in general, and the proposed regulations in particular. This information is provided solely to assist interested parties in better understanding the nature and effects of the proposed regulations within their legislative, economic and social context. It is important to emphasise, however, that the RIS is concerned only with the proposed regulations, and not with the Infringements Act or the Fines Reform Act or other instruments made under those Acts. Further, the RIS is not concerned with fees set under other legislation, such as filing fees to commence criminal proceedings in the Magistrates' Court of Victoria (MCV).

It is also important to emphasise that the Infringements Act, the Fines Reform Act, and the proposed regulations do not impose infringement fines or court fines. Instead, the two Acts and the proposed

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<sup>3</sup> The existing Infringements Regulations 2016 do not sunset until 2026.

regulations establish the systems for the collection and enforcement of fines, which come into operation only if fines are not paid on time. For these reasons, the levels of the fines themselves are outside the scope of this RIS, which is concerned only with the regulations that will assist in the enforcement of unpaid fines.

## 1.2 Relevant legislation, policies and guidelines – existing system and new Fines Reform model

This section of the RIS summarises the relevant enabling legislation and the Treasury guidelines for setting fees. Although the focus of the Fines Reform Act is to introduce a new model of collecting and enforcing both infringement fines and court fines, it also amends the Infringements Act. This section of the RIS provides some background information about the infringements system before outlining the new model.

### 1.2.1 The infringements system

In Victoria, infringement penalties (or ‘on the spot fines’) are used to address the effect of minor law breaking with minimum recourse to the machinery of the formal criminal justice system, and, as a result, often without the stigma associated with criminal judicial processes, including that of having a criminal conviction.

Infringement notices offer an alternative method for dealing with minor offences, giving the person to whom a notice is issued the option of paying a fixed penalty, rather than proceeding to a court hearing. This system uses incentives such as convenience of payment, lower fine levels than in open court, the avoidance of a conviction being recorded and saving of legal costs to resolve matters in an efficient and timely manner.

By offering a straightforward, expeditious method of making amends for an offence, the infringement notice system aims to encourage compliance with regulatory schemes in an efficient manner. Maintenance of proportionality between the relatively minor nature of infringement offences and the penalty they attract, along with appropriate avenues for review, the availability of payment plans, and measures to protect vulnerable people helps to ensure a fairness within the system.

If the infringement notice is paid, the payment will exiate the offence. No further proceedings may be taken against the offender in respect of the offence the subject of the infringement notice, and there is no conviction recorded against the person. Payment of an infringement fine is not an admission of guilt.

#### 1.2.1.1 *The Infringements Act 2006*

At the time of its commencement, the Infringements Act established a revised model for managing the issuing of infringements and their enforcement. The Infringements Act aimed to provide both a fairer system, particularly in addressing the needs of people in special circumstances and providing people with more information about infringements and more avenues by which to exiate (make amends without conviction) the matter. The model also provided for firmer enforcement through the introduction of a range of measures where expiation has not occurred.

Victoria’s infringements system as provided for in the Infringements Act is based on the following underlying principles:

- the balancing of fairness (lower fine levels, convenience of payment, consistency of approach) with compliance and system efficiency (reduced administration costs, no need to appear in court, no conviction)
- the provision of a rapid and certain response for lower level offences appropriate for infringements, with deterrence dependent on people being aware they are likely to be detected offending and dealt with through less severe penalties
- an acceptance that offences can be dealt with through the efficiency of the infringements system or in open court
- a requirement that individual circumstances be taken into account
- a recognition of genuine special circumstances, both at the time of infringement notice issue, and during the enforcement process, and
- stipulating the duty of external agencies to observe the policies and principles of the system in discharging their responsibilities.

Using these principles, the infringements system seeks to achieve:

- appropriate protections for all individuals, as well as for people in special circumstances (e.g. mental illness or intellectual disability, homelessness, serious drug and volatile substance addictions, and family violence)
- fair and effective administration by enforcement agencies of the infringements regulatory schemes they manage, and
- firm enforcement measures to achieve effective deterrence and reduce the commission of offences and the undermining of the rule of law.

The benefits of the infringements system include:

- a reduction of the burden on the courts by converting the prosecution of minor offences from a judicial to an administrative process, resulting (for example) in a reduction in the proportion of MCV time devoted to road traffic offences from 70 % in 1971 to 28.8 % in 1991
- providing individuals with a choice of options for addressing their offending behaviour, including an option which allows them to deal with the matter expeditiously without incurring the time and expense of attending court and the risk of a conviction being recorded
- a reduction of the burden on the enforcement agencies to prepare cases for prosecution in open court
- the adaptability of the procedure to the needs of different types of enforcement agencies
- the ease of administration in terms of the fixed nature of the penalty obviating the need for a court hearing on the question on the penalty amount
- a high level of compliance with almost 80 % of infringement fines paid within the first year after an infringement notice has been issued
- the simple and routine nature of the paperwork required for the issue and enforcement of the infringement offence which lends itself to high levels of computerisation and automation, and

- the amenability of the most common offences to being detected by automatic or semiautomatic devices.<sup>4</sup>

Today, infringement notices are issued for 1,800 prescribed offences<sup>5</sup> (known as lodgeable infringement offences) covered by more than 60 statutes, covering matters including road safety and traffic offences, parking, public transport, consumer safety, industry regulation and environmental protection. An ‘infringement offence’ is an offence which may be the subject of an infringement notice under —

- (a) any Act or statutory rule, or
- (b) any local law, or
- (ba) a by-law made under section 171 of the *Water Act 1989* or a by-law made under a prescribed Act, or
- (c) any Commonwealth Act or any Act of another State or Territory or any subordinate instrument under such an Act that applies as a law of Victoria.

Infringement offences under local laws (other than parking infringements), as well as certain other infringement offences that may be prescribed in future as ‘non-registrable’, will not be able to be registered for enforcement under the Fines Reform system.

A more detailed description of the relevant provisions of the Infringements Act is set out in section A5.1 of Appendix 5 to this RIS.

#### 1.2.1.2 *The Infringements Regulations 2016*

The prescribed matters under the Infringements Regulations 2016, ‘the existing Regulations’ made under section 168 of the Infringements Act, are shown in table 1, and detail of subsections has been omitted for ease of presentation.

**Table 1 – Summary of Infringements Regulations 2016**

Part	Reg./Schedule	Description of regulation
1	5	Definitions of ‘the Act’, ‘drug of dependence’, and ‘parking infringement’
2	6/7/8	Definitions of ‘enforcement agency’, criteria for determining ‘homelessness’, specified agencies
3	9	Prescribed costs for PRNs, lodgements and enforcement orders
3	10	Warrant issue fee
3	11	Exemption from fees, costs and charges
5	17	Details of PRN including prescribed costs
6	18	Lodgeable infringement offences prescribed
7	19	Prescribed information to be lodged with the court
8	20	Prescribed minimum infringement penalty amount
8	21	Prescribed costs of enforcement order notice
8	22	Prescribed information when matter referred to Court
9	23	Prescribed form of enforcement warrant
9	24	Prescribed particulars of electronic enforcement warrants.
9	25	Prescribed details of warning of execution of enforcement warrant
9	26	Prescribed persons for enforcement against bodies corporate Prescribed details for consent to seizure of personal property
10	28	Prescribed period of 7 days for the recovery, seizure and sale of a detained or immobilised vehicle.

<sup>4</sup> Fox, R (March 1999), *Criminal Sanctions at the Other End*, 3rd National Outlook Symposium on Crime in Australia, Mapping the Boundaries of Australia’s Criminal Justice System, Australian Institute of Criminology, Canberra, 22-23 March 1999.

<sup>5</sup> Traffic, parking and transport-related offences are the most common.

Part	Reg./Schedule	Description of regulation
11	29	Prescribed details to be included in a written statement setting out the financial circumstances of a natural person or body corporate during an oral examination, and details to be contained in a summons.
12	30	Amount of \$1,000 prescribed with regard to the attachment of earnings order <sup>6</sup>
12	31/32/33	Details required in the application of attachment of earnings order /circumstances for variation, discharge or suspension of attachment of earnings order /and cessation of attachment of earnings order.
12	34/35	Details required in the application for the attachment of a debts order <sup>7</sup> / circumstances for variation, discharge or suspension of attachment of debts order/or discharge of garnishee <sup>8</sup> .
13	36/37/38	Prescribed amount of \$10,000 for charges over and sale of real property /particulars to be contained in a notice for intention to sell land/and serving of a notice of intention to sell land must be done personally.
14	39/40/41/42/43/44/ 45/46/47/48	Prescribed details regarding the operation of CWPs
15	49	Prescribing how a document may be served
15	50	Prescribing specified agencies
	Schedule 2	List of enforcement agencies
	Schedule 17	Specified agencies who may give information for enforcement purposes
	Form 1	Form of Infringement warrant against a natural person
	Form 2	Form of Infringement warrant against a body corporate

It is expected that Parts 8 to 15 (except regulation 50), Schedule 17 and Forms 1 and 2 will be revoked by the Infringements Amendment Regulations 2017.

### 1.2.1.3 Description of the infringements system network

In 2015-16, of the roughly 5 million infringements issued in Victoria, the majority were for traffic offences including: speeding, running red lights, using a mobile phone while driving, tolling offences (59%) and parking offences (35%) as shown in table 2. Other infringements issued in 2015-16 were issued for public transport offences (3% of all detected offences, as shown in table 2) and ‘other categories’ of offences including: excessive speed, drink and drug driving, animal, local law, consumer safety, industry regulation, electoral, environmental and pollution, and marine offences (3% of all detected offences).

**Table 2 – Infringements issued by offence category, 2015-16<sup>9</sup>**

Offence Category	No. Infringements Issued	Percentage of total infringements issued
Traffic (including tolling <sup>10</sup> )	3,003,520	59%
Parking	1,769,617	35%
Public Transport	153,490	3%
Other Categories	142,225	3%
<b>Total infringements issued</b>	<b>5,068,852</b>	<b>100.00%</b>

<sup>6</sup> Court order requiring employer of an offender to deduct money from salary for payment of the fine.

<sup>7</sup> Court order requiring someone who owes the offender money to pay that money towards the fine.

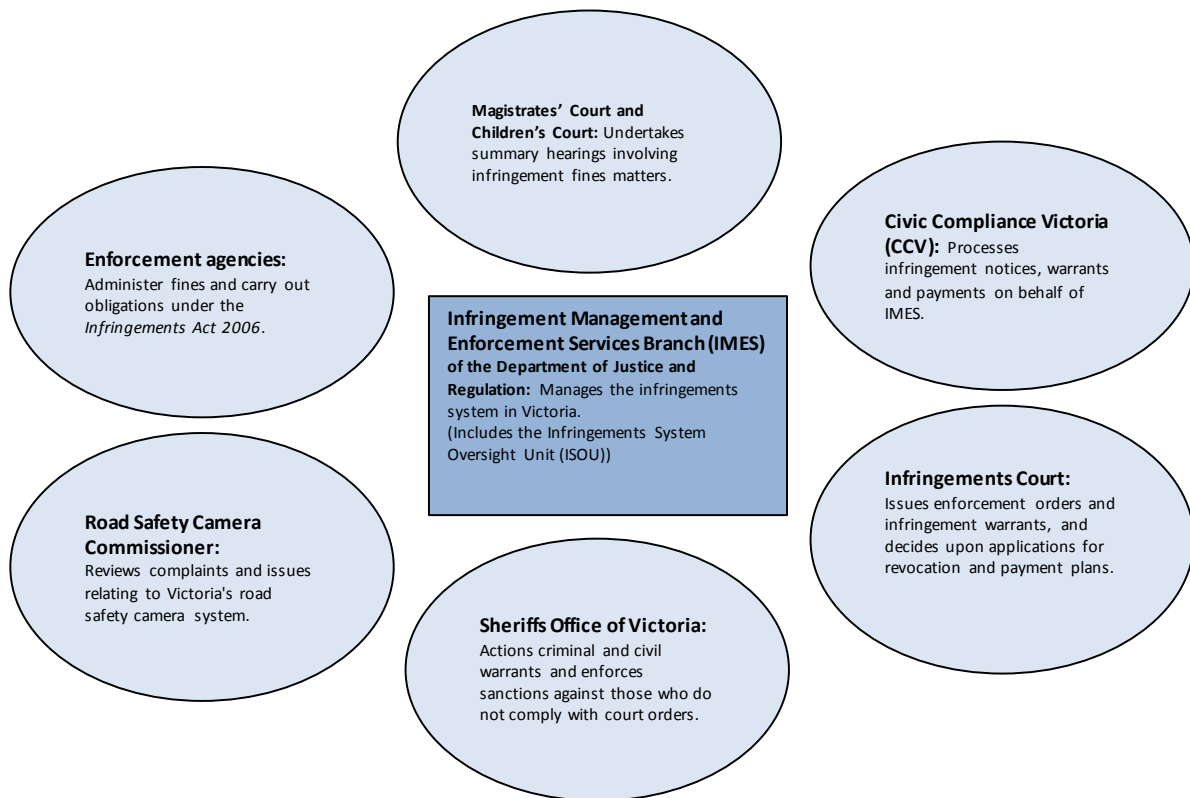
<sup>8</sup> A person from whom an infringements registrar, the sheriff, an enforcement agency or a person against whom an infringement warrant has been issued, claims that a debt is due or accruing to the person against whom an infringement warrant has been issued.

<sup>9</sup> DJR, Infringement Management and Enforcement Services, *Annual Report on the infringements system 2015-16*.

<sup>10</sup> Estimated 1,270,102 infringements issued per annum for tolling.

The current infringements system in Victoria includes a network, as illustrated in Figure 1, of enforcement agencies, Infringement Management and Enforcement Services (IMES) within the Department of Justice and Regulation (DJR), the Infringements Court, the MCV, the Children’s Court, the Sheriff’s Office of Victoria, the Road Safety Camera Commissioner, and Civic Compliance Victoria.

**Figure 1 – Current infringements system – Victoria<sup>11</sup>**

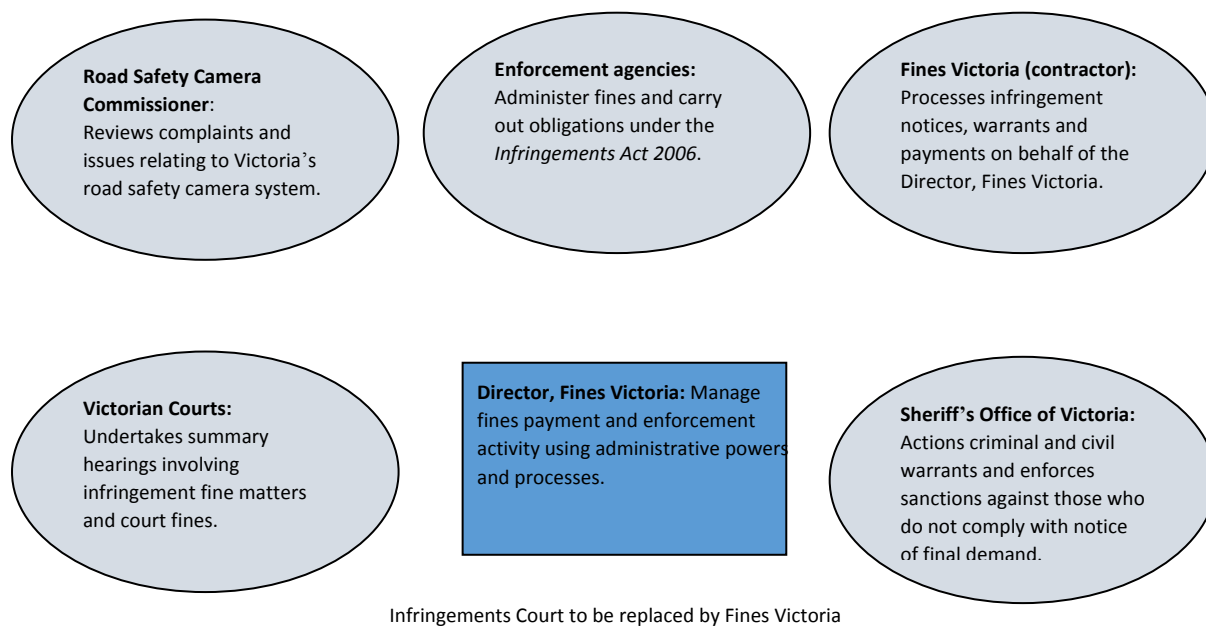


However, the Fines Reform Act will create a new fines enforcement system and transition Victoria to an administrative model for collecting and enforcing fines including infringement fines and court fines. As shown in Figure 2, the Fines Reform Act will replace the Infringements Court with an administrative body constituted by the Director, Fines Victoria, a body which will be referred to informally as Fines Victoria.

<sup>11</sup> Source: <http://www.justice.vic.gov.au/home/justice+system/fines+and+penalties/>.



**Figure 2 – New infringements system – Victoria**



These proposed organisations under Fines Reform and their functions, are described in detail in the following sections.

#### 1.2.1.4 Enforcement agencies

Infringements may be issued by state government agencies or enforcement agencies upon detection of an infringement offence. Government agencies administer many primary Acts that create infringement offences. The infringement penalty amount is fixed in the relevant legislation that sets out the offence. While there are many government agencies with legislative powers to issue infringements, not all do so.

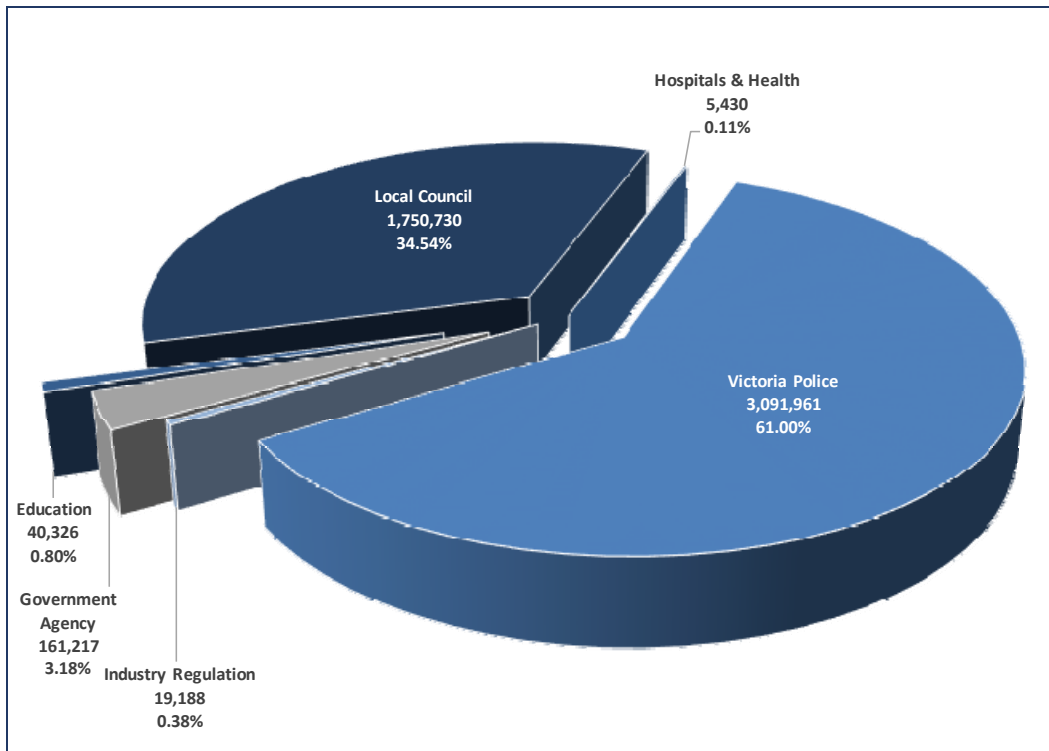
There are over 120 enforcement agencies throughout Victoria, comprising state government (such as Victoria Police and the Department of Economic Development, Jobs, Transport and Resources) – also known as exempt<sup>12</sup> enforcement agencies and local government and some non-government agencies (such as hospitals and universities) – also known as non-exempt agencies. Enforcement agencies must be authorised by or under legislation to issue infringement notices.

Chart 1 below shows the number and share of infringements issued by type of enforcement agency in 2015-16. Victoria Police continues to issue the majority of infringements (3.09 million in 2015-16) as it has wide powers to issue infringement notices across a broad range of statutes. Local councils issue the second largest number of infringement notices (1.75 million notices in 2015-16), the majority being for parking infringements, which is the second most common offence category.<sup>13</sup>

<sup>12</sup> Exempt from fees costs and charges under the Infringements Regulations 2016

<sup>13</sup> DJR, Infringement Management and Enforcement Services, *Annual Report on the infringements system 2015-16*.

Chart 1: Infringements issued by type of enforcement agency, 2015-16



Source: DJR (IMES), *Annual Report on the infringements system 2015-16*.

Apart from issuing infringement notices, enforcement agencies also process applications for internal review, nominations, court elections and payment plans. Following an internal review application, enforcement agencies may confirm the decision to issue the infringement notice except under special circumstances where they confirm the decision to issue the notice and refer the matter to Court, withdraw the notice and take no further action, or withdraw the notice and serve an official warning in its place.

Only a small proportion of offenders elect to go to court - usually where there is disagreement about the facts, or where the person prefers to raise issues or evidence before a magistrate or judicial registrar. The majority of individuals generally opt to expiate their matters by paying their infringement fine rather than electing to go to court, thereby avoiding a finding of guilt, a potentially higher fine, court costs and the inconvenience of attending court.

Of the 5,068,852 infringements issued in 2015/16, only 76,661 or 1.5% of alleged offenders elected to go to court. In other words, the infringements system was successful in diverting 98.5% of cases from the court system.

#### 1.2.1.5 Director, Fines Victoria

Upon commencement, the Fines Reform Act will establish the Director, Fines Victoria. The Director, Fines Victoria will constitute an administrative body which will oversee Victoria’s fines system and represents a single administrative model for the collection and enforcement of fines. The Director, Fines Victoria will also assume responsibility for the management and enforcement of court fines immediately following imposition by a court, unless the court orders otherwise. If a person fails to comply with the terms of the court order (i.e. defaults), the court fine will become a ‘registered’ fine, enforceable under the Fines Reform Act.

### *1.2.1.6 Sheriff's Operations*

Under Fines Reform, the Sheriff will be responsible for enforcing enforcement warrants, as is currently the case with infringement warrants.<sup>14</sup> Sheriff's officers will be responsible for executing enforcement warrants issued by the courts and enforcing sanctions against those who do not comply with court orders. Depending on the type of warrant, sanctions include the seizure and sale of assets, licence or registration suspension or, as a final option, arrest and imprisonment. The Sheriff will only execute warrants issued by the courts. Warrants cannot be issued by the Director, Fines Victoria.

### *1.2.1.7 Road Safety Camera Commissioner*

The role of the Road Safety Camera Commissioner's office is to provide increased transparency and accountability of the road safety camera system by undertaking quality assurance and reporting, investigations of systemic issues, and providing a complaints management service.<sup>15</sup>

### *1.2.1.8 Civic Compliance Victoria (CCV®)*

Tenix Solutions is contracted to provide services at various stages of the existing infringements enforcement process under the name Civic Compliance Victoria on behalf of IMES within DJR, from the issuing of fines to the point of resolution including:

- sending infringement notices on behalf of various issuing agencies
- sending notices of final demand on behalf of the Director, Fines Victoria
- collecting fine payments, and
- providing people with information required to resolve their outstanding matters.

As part of the Fines Reform process a new external contract has been awarded to Civica Pty Ltd.

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<sup>14</sup> <http://www.justice.vic.gov.au/utility/contact+us/sheriffs+operations.shtml>

<sup>15</sup> Attorney General's Annual Report on the Infringements System 2011-12, Infringement Management and Enforcement Services.

1.2.1.9 Stages of the infringements process – existing system and Fines Reform model

A detailed description of the current and new infringements stage (prior to the registration of unpaid matters with the Director, Fines Victoria) is illustrated in Charts 2 and 3 with the main difference being a shortening of the infringements stage from 112 days to 49 days:

Chart 2 – Infringement Stage – Infringement fine issued

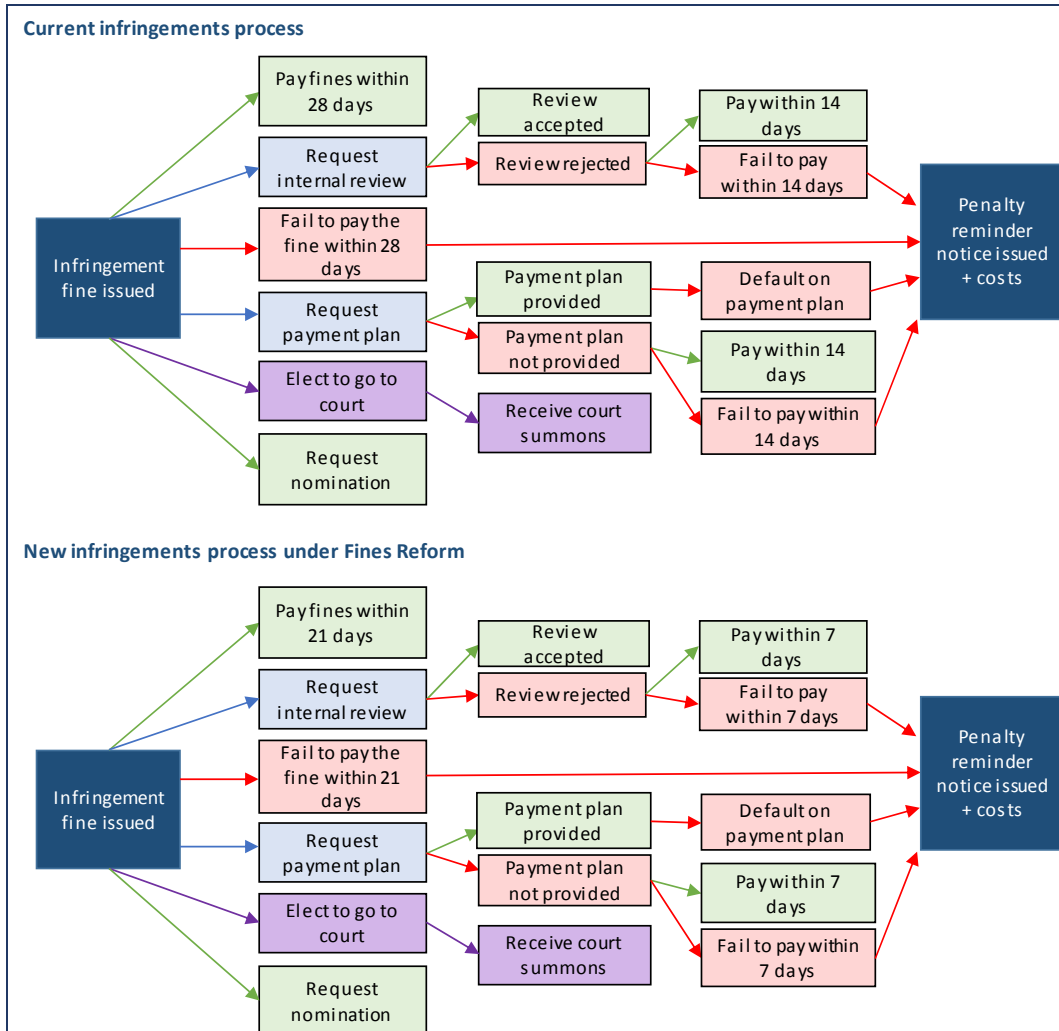
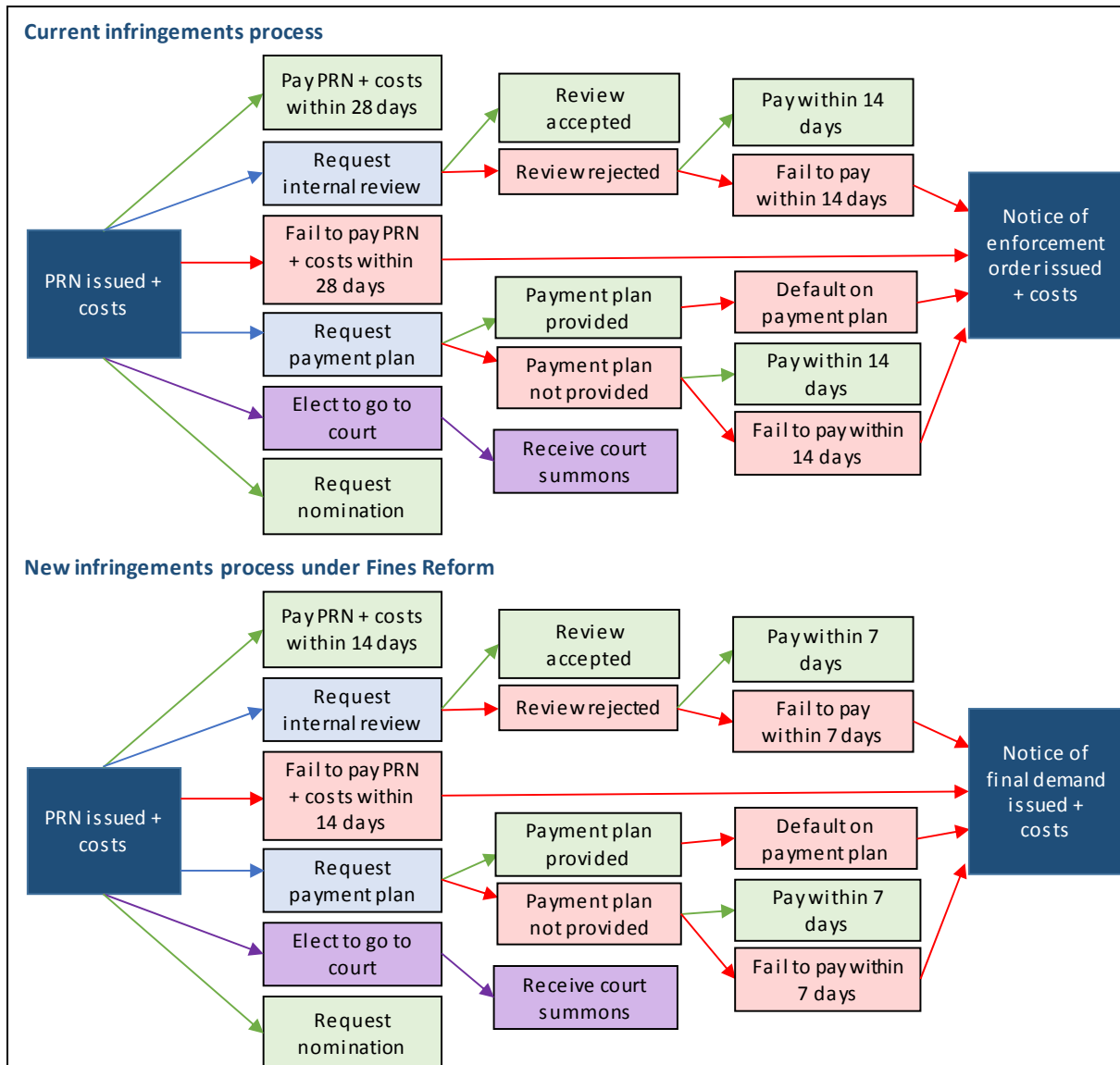
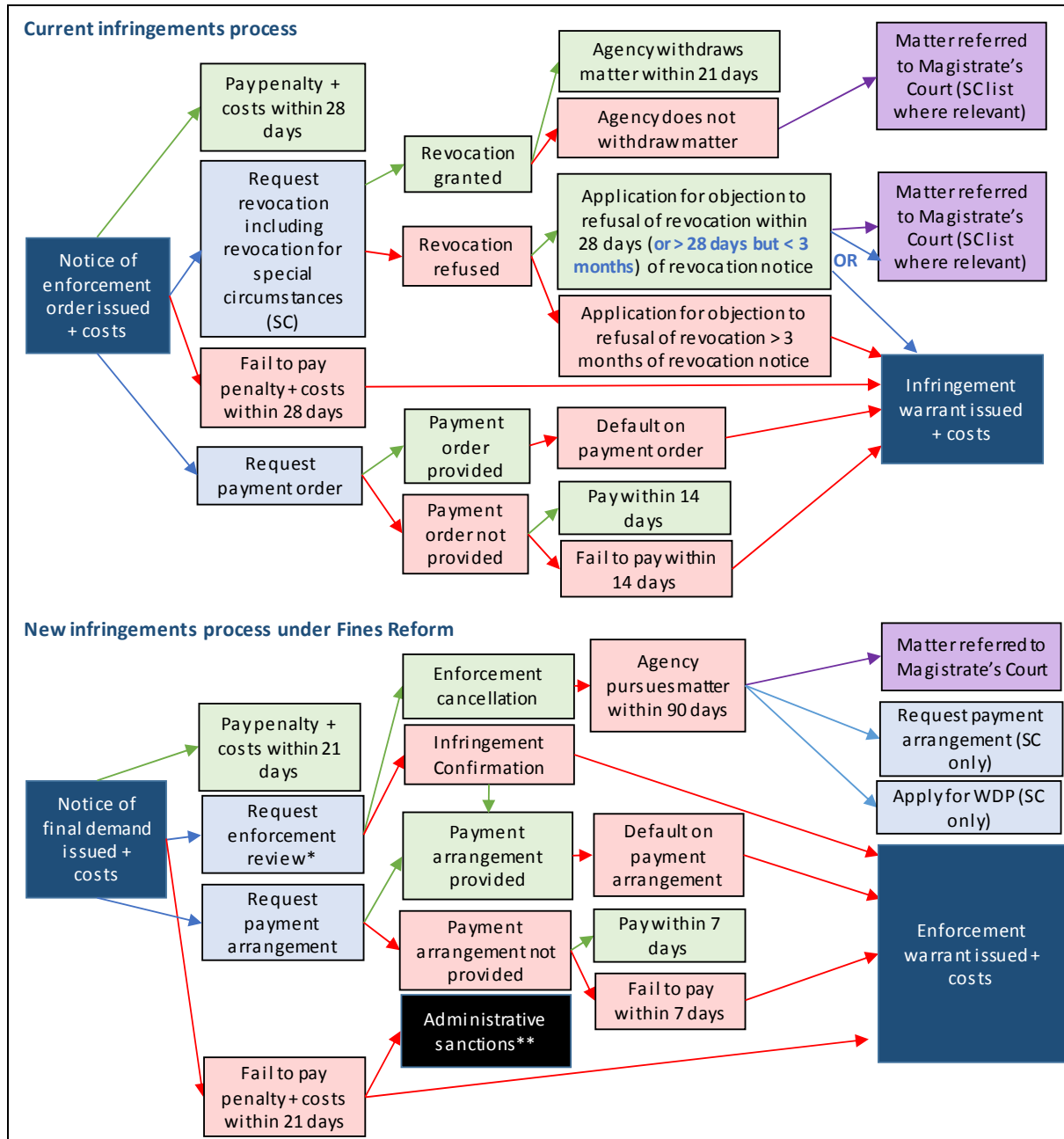


Chart 3 – Infringement Stage – PRN issued



A detailed description of the current and new enforcement stage under Fines Reform is illustrated in Chart 4 with the main difference being a shortening of the enforcement stage from 56 days to 28+ days:

**Chart 4 – Enforcement Stage – Notice of Enforcement Order (current) or Notice of Final Demand (Fines Reform) issued**



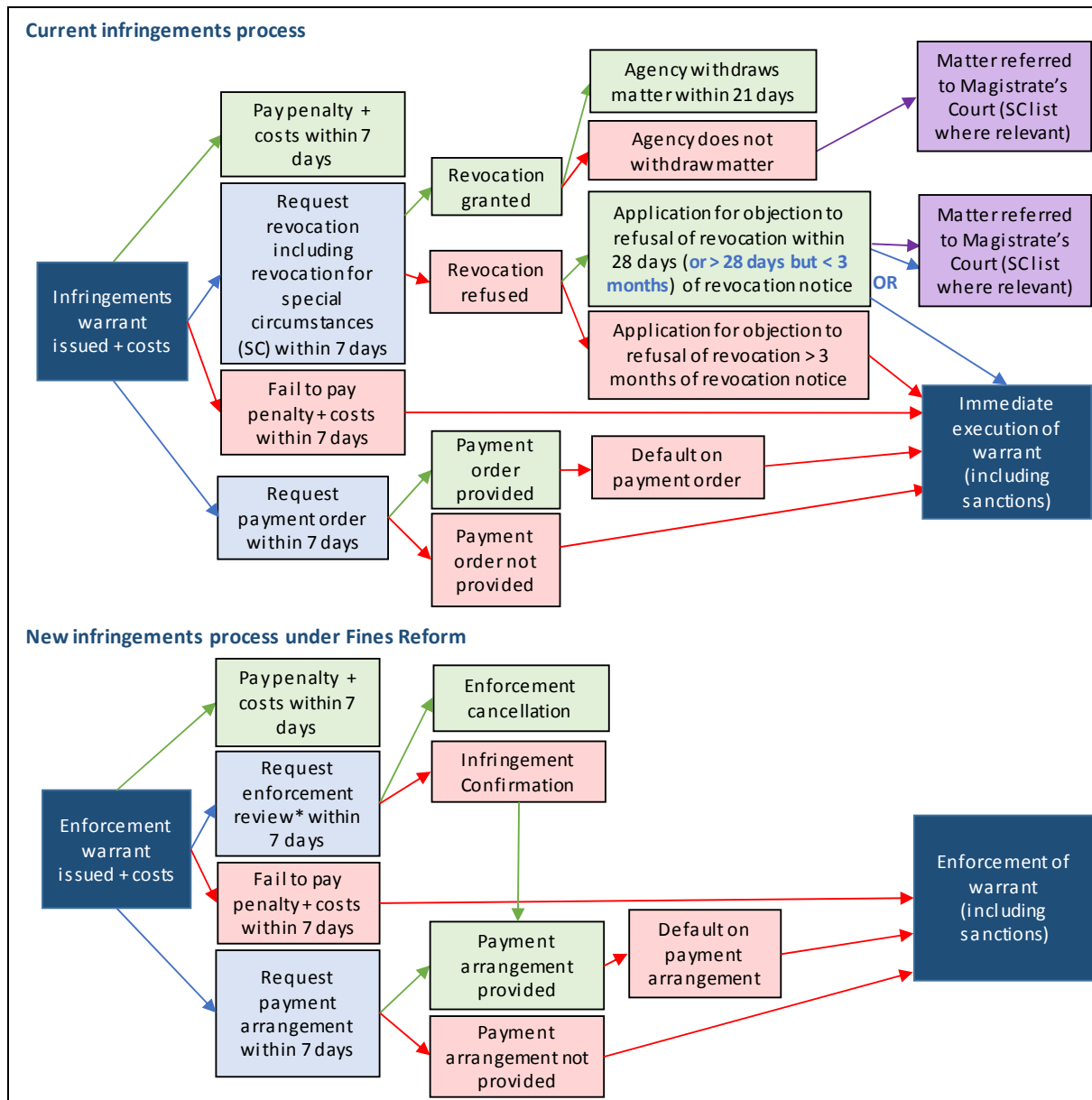
\* Application for enforcement review is permitted: where contrary to law or involved a mistake of identity, special circumstances<sup>16</sup>, exceptional circumstances, and person unaware.

\*\* Administrative sanctions available for the Director, Fines Victoria include: attachment of earnings directions, attachment of debts directions, driver and vehicle sanctions (e.g. suspension of licence or vehicle registration) and charges over and sale of land.

<sup>16</sup> For example, mental or intellectual disorder/disability, serious drug or volatile substance addiction or homelessness that results in the person being unable to control conduct which constitutes an offence is a 'special circumstance'.

Finally, a detailed description of the warrant stage is illustrated in Chart 5:

**Chart 5 – Warrant Stage – Infringements warrant issued with 7 day notice**



In total, Fines Reform will reduce the infringement lifecycle from 168 days to 77 days.

**1.2.1.10 Fees payable during the different stages of the infringements process**

The following sections describe the function and types of fees imposed during the different stages of the infringements process under the current model and the fines enforcement process under the new Fines Reform model as shown in Chart 6.

**Infringements stage – Penalty Reminder Notice (PRN)**

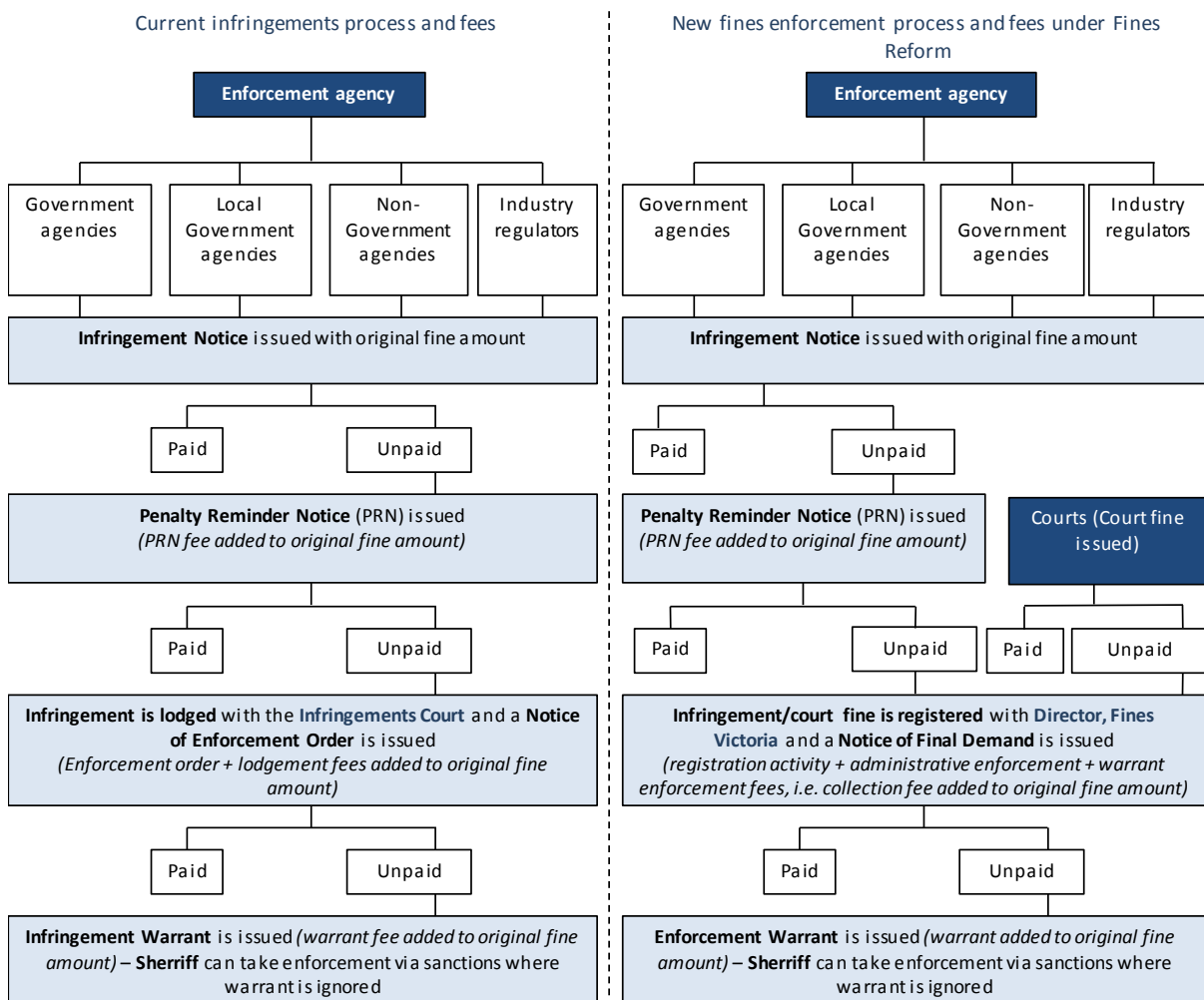
As shown in Chart 6 under both the current and Fines Reform infringement process, a PRN is a statutory reminder notice sent to an infringement offender who fails to pay their fine by the due date. Enforcement agencies are responsible for sending this notice. However, in the case of state

government agencies, generally PRNs are sent through Civic Compliance Victoria and administrative costs are added to the outstanding fine via the PRN fee.

**Enforcement stage – Notice of Enforcement Order (Current)**

If the PRN fee and original fine amount is unpaid, then under the current system enforcement agencies lodge the infringement fine with the Infringements Court and an enforcement order is issued. The combined lodgement fee (reflecting the cost of enforcing a matter and warrant enforcement) and enforcement order fee (reflecting the cost of lodgement of an infringement matter) is attached to the Notice of Enforcement Order. The lodgement fee is currently payable by enforcement agencies (other than state government agencies such as Victoria Police) when they lodge details of the amount of an unpaid infringement penalty issued to an adult, aged 18 years or more, at the date of the alleged offence with the Infringements Court. The cost of lodgement (including warrant enforcement) and enforcement orders is passed on to the infringement offender and both fees are added to the outstanding amount. Where the outstanding amount is collected from the individual, both those fees are reimbursed to the enforcement agency.

**Chart 6 – Summary of current and new fines enforcement processes and fees**



**Enforcement stage – Notice of Final Demand (Fines Reform)**

As shown in Chart 6, under the Fines Reform model, enforcement agencies will register details of the amount of an unpaid infringement penalty issued to an adult, aged 18 years or more, at the date of



the alleged offence or an unpaid court fine with the Director, Fines Victoria. The Director, Fines Victoria will issue a Notice of Final Demand which specifies the amount of the original fine, plus the PRN fee and the **collection fee** (to cover registration activity costs, administrative enforcement costs and warrant enforcement costs) to the offender.

The non-state government enforcement agencies will pay a **registration fee** to cover the State's administrative enforcement costs and warrant enforcement costs (not the registration activity costs which are primarily incurred by the enforcement agency). This naming structure may seem counterintuitive but is necessary to reflect the fact that councils pay the fee for enforcement services at the point of registration.

The "administrative enforcement costs" relate to enforcement activities undertaken by the Director, Fines Victoria which do not require an enforcement warrant including:

- consideration of applications for waiving or reducing costs or fees<sup>17</sup>
- directions for corporate director liability
- directions for production of information
- applications for payment arrangements
- charges over land and sale of real property
- directions for attachment of earnings (AOE)
- directions of attachment of debt (AOD)
- applications for work and development permits (WDPs)
- applications for enforcement reviews
- driver and vehicle enforcement sanctions, and
- registration non-renewal.

With respect to driver and vehicle enforcement sanctions, the Director, Fines Victoria may direct VicRoads under s.89 of the Fines Reform Act:

- to suspend any driver licence
- not to grant or renew any driver licence of the fine defaulter
- to suspend the registration of a vehicle registered to the fine defaulter
- not to renew the registration of a vehicle registered to the fine defaulter
- not to transfer to any other person the registration of a vehicle registered to the fine defaulter, whether or not an application for transfer of registration has been made, and
- not to register a vehicle in the name of the fine defaulter

The "warrant enforcement costs" relate to enforcement warrant enforcement activities including:

- wheel clamping<sup>18</sup>
- removal of number plates
- seizure and sale of goods
- third party claims
- suspension of driver licences or vehicle registrations, and
- arrest.

Where the outstanding fees are collected from the individual offender, these are reimbursed to the enforcement agency as part of the collection fee.

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<sup>17</sup> This relates to the Director's power to waive or reduce enforcement costs or other fees (s.9) of the Fines Reform Act.

<sup>18</sup> Can occur before a seven-day notice is issued.

### Warrant stage – Enforcement warrant (current)

Under the current infringements process, if the infringement offender does not pay the enforcement order and costs within 28 days, an infringement warrant is issued by the infringements registrar. The Infringements Court, following the issue of the warrant, imposes a warrant issue fee. The Sheriff’s Office can also issue a CWP if the person is considered eligible and does not have any goods that can be seized to satisfy the outstanding fines and fees. A CWP allows a person to undertake community work at rate of one hour per 0.2 penalty units owed. Any time prior to the Sheriff seizing goods or arresting a person under a warrant, the Infringements Court may issue a payment order allowing the infringement offender additional time for payment or payment by instalments. When the payment order is issued, the original warrant is recalled, but the fee is not removed. If the infringement offender defaults on their payment order, the warrant, together with another warrant fee, is re-issued.

### Warrant stage – Enforcement warrant (Fines Reform)

Under the Fines Reform model, if an offender does not pay the Notice of Final Demand including the original fine and added fees within 21 days, the Director, Fines Victoria, in addition to, or instead of, using enforcement sanctions may apply to a registrar of the MCV to issue an enforcement warrant.

The Director, Fines Victoria, following the issue of the enforcement warrant, imposes an **enforcement warrant fee** which covers issuing a warrant, serving a seven-day notice and payment demand, application for payment arrangement and external contractor processing activities. Again, the Sheriff’s office can also issue a CWP if the person is considered eligible and does not have any goods that can be seized to satisfy the outstanding fines and fees. Prior to the Sheriff seizing goods or arrest, the Director, Fines Victoria may issue a payment arrangement or enforcement review and the original warrant is recalled but the fee is not removed. For ease of understanding the following comparison of current fee and proposed fee categories across the fines enforcement process is presented in Panel 1.

**Panel 1: current and proposed fee categories across different stages of the fines enforcement process**

Stage	Current fee categories	Proposed fee categories
<b>Infringement Stage (PRN)</b>	<b>PRN fee</b> (for processing PRNs)	<b>PRN fee</b> (for processing PRNs)
<b>Registration/enforcement Stage</b>	<b>Enforcement order fee</b> (for the lodgement of a matter with the Infringements Court)	<b>Collection fee</b> <b>1) enforcement agency registration activity component</b> (for the registration of a matter with Fines Victoria)
	<b>Lodgement fee</b> (for the enforcement of a lodged matter with the Infringements Court and for the enforcement of a warrant by the Sheriff’s Office)	<b>2) administrative enforcement component</b> (for the enforcement of a registered matter by Fines Victoria) <b>3) warrant enforcement component</b> (for the enforcement of a warrant by the Sheriff’s Office)
<b>Warrant Stage</b>	<b>Infringement Warrant issue fee</b> (for the issuing and serving of an infringement warrant by the Sheriff’s Office)	<b>Enforcement warrant fee</b> (for the issuing and serving of an enforcement warrant by the Sheriff’s Office)

The above table shows that prior to Fines Reform starting, enforcement order fees relate to the lodgement processing of a matter whereas lodgement fees refer to the management of enforcement activity of the lodged infringement matter. This naming structure, while somewhat counterintuitive as noted earlier, has been necessary because while “lodgement” accurately

describes the process of an enforcement agency lodging unpaid matters with the Infringements Court, the fee that the non-exempt agencies pay upon lodgement is designed to cover the cost of the State's enforcement activities.

For the same reason, under the Fines Reform Act, the enforcement agencies will need to "register" unpaid matters with Fines Victoria, but the non-exempt enforcement agencies will incur a "registration fee" that actually relates to the cost of the State's enforcement activities. Most of the costs of the actual registration processing are incurred by the enforcement agency, and therefore need to be recovered from defendants only.

Since the Notice of Final Demand issued to defendants will require payment of fees to cover enforcement agency registration costs, and State administrative enforcement costs and warrant enforcement costs, the applicable fee from the perspective of offenders will now be simply the 'collection fee', resulting in a three fee structure – as shown in Panel 1. The fourth fee, the registration fee payable by non-exempt agencies, forms a subset of the collection fee and so is not shown in Panel 1.

#### *Case example of the infringements system: (enforcement of a parking matter)*

To assist in understanding how this infringements system works in practice, the following typical hypothetical case represents an example of the current model and new model under Fines Reform:

#### **Infringements Notice Enforcement – "An illustrative example of enforcing a parking matter" –**

##### ***Current Model***<sup>19</sup>

**Infringements Stage:** Sarah parks her sedan in the Melbourne CBD and commits an offence of failing to obey instructions on the sign/meter/ticket under Road Rule 201(2) (i.e. the meter was expired). Sarah is issued with an **infringement notice** from the City of Melbourne with a penalty of **\$79.00**. At this stage, Sarah's options are to organise for a payment plan, apply for an internal review, nominate the driver, make the payment, elect to go to court, or do nothing. Sarah chooses to do nothing. After a period of 28 days Sarah fails to pay the penalty amount and is issued with a **PRN**, which includes the infringement penalty of \$79.00 and an additional fee of \$23.00. The total amount now owed by Sarah is **\$102.00**. Upon receiving this notice Sarah presents a health care card and requests a payment plan to get an extension organised with the enforcement agency. Sarah fails to honour payments on the payment plan and defaults.

**Lodgement Stage:** The City of Melbourne then seeks a **Notice of Enforcement Order** to require Sarah to pay and **lodges the matter** with the Infringements Court in order to recover the penalty amount plus costs of lodgement. The Infringements Court processes the lodgement and Sarah is issued with a notice of enforcement order directing her to pay original penalty amount of \$79.00 with an additional PRN fee of \$23.00 and the added lodgement and enforcement order fee of \$106.50. The total amount now owed by Sarah has escalated to **\$208.50**. The Infringements Court then receives an application by Sarah for revocation of the infringement matter (i.e. cancellation of the enforcement order) for special circumstances. The principal reason provided by Sarah for 'special circumstances' is her casual status of employment. The Infringements Court reviews the revocation application and advises Sarah of the refusal of revocation for special circumstances through a notice. Sarah is dissatisfied with the outcome and submits an objection (appeal) to the refusal of revocation notice to the MCV via the office of the Infringements Court.

**Warrant Stage:** The Infringements Court determines that the application was made four months after the original issue of the revocation notice and issues an **Infringement Warrant**. The full amount owed by Sarah is now \$208.50 plus the warrant issue fee of \$61.90 bringing the total to **\$270.40**.

The Sheriff's officer then calls at the warrant address and serves Sarah a seven-day notice and payment demand. Sarah has seven days to undertake action to pay, request a payment order, or apply for revocation.

<sup>19</sup> Fees based on 2016-17 values.

Sarah proceeds to take no action and refuses to pay. Sarah then has her vehicle wheel clamped by the Sheriff's officer until payment is made. Payment is made within three days and the wheel clamp is removed.

#### *Fines Reform model*

**Infringements Stage:** Again, Sarah is issued with an **infringement notice** from the City of Melbourne with a penalty of **\$79.00**. As before, Sarah chooses to do nothing. After a period of 21 days Sarah fails to pay the penalty amount and is issued with a **PRN**, which includes the infringement penalty of \$79.00 and an additional fee of \$24.70. The total amount now owed by Sarah is **\$103.70**. Sarah again requests a payment plan to get an extension organised with the enforcement agency by presenting her health care card however as before Sarah defaults on her payments.

**Registration Stage:** The City of Melbourne then **registers the unpaid matter** with the Director, Fines Victoria, who serves a **Notice of Final Demand** to require Sarah to pay the penalty amount plus costs of registration and enforcement. The Director, Fines Victoria processes the registration and Sarah is issued with a Notice of Final Demand directing her to pay the original penalty amount of \$79.00 with an additional PRN fee of \$24.70 and the Collection fee of \$128.10. The total amount now owed by Sarah has escalated to **\$231.80**. The Director, Fines Victoria then receives an application by Sarah for an enforcement review of the infringement matter (i.e. cancellation of the notice of final demand) for special circumstances. The principle reason provided by Sarah for 'special circumstances' is her casual status of employment. The Director, Fines Victoria reviews the enforcement review application and serves Sarah with a notice confirming the City of Melbourne's decision to issue the infringement notice and that enforcement should proceed. Sarah fails to apply for a payment arrangement within 21 days of service of the notice. The Director, Fines Victoria then automatically applies administrative sanctions in the form of suspending Sarah's driver's licence and vehicle registration unit payment of fine and additional costs has been received. Payment is made by Sarah and her driver's licence and vehicle registration is restored and warrant enforcement activities are avoided, as well as an **Enforcement Warrant** fee of \$56.00.

### 1.2.2 Fines Reform – an overview

The Fines Reform Act overhauls the current infringement system and introduces a new model for the collection and enforcement of fines in Victoria. A new administrative body called Fines Victoria will replace the Infringements Court and will be responsible for collecting and enforcing both infringement fines and court fines.

A statutory position of Director, Fines Victoria, will be established. The Director, Fines Victoria will have consistent powers to manage the payment and enforcement of both infringement fines and court fines registered with Fines Victoria. Other key functions of the Director, Fines Victoria include overseeing, monitoring and reporting on the internal review process, conducting enforcement reviews, managing payment arrangements, issuing WDPs to eligible persons, and managing and monitoring the operation of the WDP scheme.

Unpaid court fines are currently enforced by the courts and the Sheriff. If a fine remains unpaid by the due date, a warning notice is sent by the Infringements Court, stating that the fine must be paid within 28 days. If the fine is not paid after that date, a warrant will be issued for the arrest of the offender. This warrant authorises the Sheriff to arrest the person named in the warrant and to bring him/her before the Court. A magistrate has several options available to deal with an unpaid fine, including imprisonment, community work (only for sums below \$10,000), payment of the fine by instalments, or issuing a warrant to seize property.<sup>20</sup>

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<sup>20</sup> See <<https://www.magistratescourt.vic.gov.au/jurisdictions/criminal-and-traffic/fines-and-penalties/fines-imposed-court>>.

A ‘debtor-centric’ approach will be implemented where there will be a focus on the total amount of fines owed by an individual, whether they are infringement fines or court fines. This will ensure that habitual offenders who incur large amounts of fines and seek to evade payment can be more effectively brought to account. The Fines Reform Act introduces new procedures to make it easier to apply sanctions to people who do not pay their fines, known as ‘fine defaulters’. It is recognised that some people cannot pay their fines because they are suffering genuine incapacities or hardships. The Work and Development Permit (WDP) scheme was introduced on 1 July 2017 to enable these people to finalise their outstanding fines and warrants.

There will be shorter collection and enforcement timeframes for fines. The infringement fines lifecycle will be reduced from 168 days to 77 days. Similarly, the lifecycle for the enforcement of court fines will be reduced from approximately 242 days to 77 days.

At present, infringement stage fines and enforcement stage fines cannot be combined into a single payment arrangement. Under Fines Reform, debtors (including companies) will be able to apply to the Director, Fines Victoria to consolidate infringement fines from different enforcement agencies, fines issued by courts and fines at various enforcement stages into a single payment arrangement.

The Director, Fines Victoria will have extensive powers to take enforcement action under the Fines Reform Act. Options include:

- applying driver and vehicle sanctions (includes suspension of driver licence and/or vehicle registration)
- making an attachment of earnings or attachment of debt order
- placing a charge over real property (and potentially selling that real property)
- declaring company director(s) personally liable for unpaid company fines
- taking action under the *Corporations Act 2001 (Cth)* with respect to a body corporate debtor (e.g. winding-up proceedings), and
- applying to a registrar for the issue of an enforcement warrant.

Sanctions can be applied by the Director, Fines Victoria against people who have unpaid court fines in addition to unpaid infringement fines. There will no longer be a requirement to personally serve a seven day notice before the above sanctions can be applied. It is intended that, where possible, the sanctions will be applied on an automated basis.

In general terms, the Director, Fines Victoria will have the power to apply to a registrar of the MCV for an enforcement warrant to be issued against a person with unpaid infringement or court fine(s) and in respect of whom a notice of final demand has been served. An enforcement warrant remains in force until the amount outstanding is paid in full, the warrant is cancelled by the Director, Fines Victoria or the warrant is executed. Sheriff’s officers are still required to serve a seven day notice before they may seize property or arrest a person named in an enforcement warrant.

Sheriff’s officers’ powers will be modified. Sheriff’s officers will continue to execute enforcement warrants utilising a new power to remove vehicle number plates and existing powers to apply wheel clamps, seize property and to arrest a person.

The CWP provisions remain largely unchanged, with the exception of regulations that describe the nature of unpaid community work and the procedures for applying for variations of CWPs. If a person is arrested and released on a CWP and then does not present themselves at a Community Corrections location, that person will be referred back to Fines Victoria. The Director, Fines Victoria

may then apply for an enforcement warrant with an endorsement that the person cannot be released on a CWP.

The Director, Fines Victoria will have broad powers to gather financial information from debtors for the purpose of applying any sanction available under the Fines Reform Act to enforce unpaid fines. These powers include a power to direct a fine defaulter to give to the Director, Fines Victoria a statement of financial circumstances and attend before the Director, Fines Victoria to answer questions in relation to their financial circumstances. If a fine defaulter does not comply with such a direction, the Director, Fines Victoria may apply to the MCV for a summons to be issued to the fine defaulter for oral examination and the production of information.

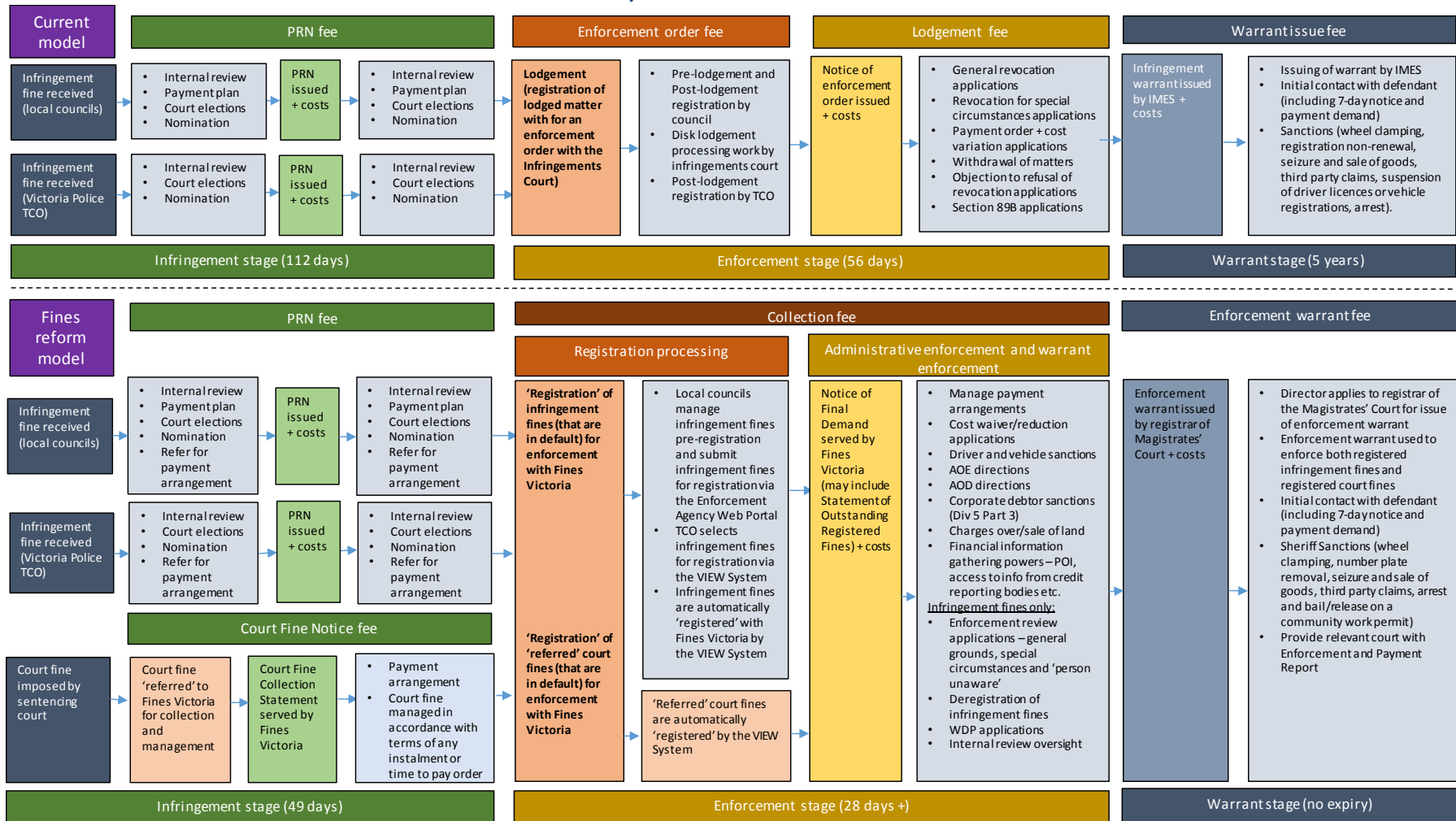
The sentencing powers available to a court in relation to infringement fine default and court fine default will be more consistent. These reforms include making imprisonment for infringement fine default a penalty of last resort and setting 24 months as the maximum term of imprisonment for default, consistent with the framework for court fine default. However, the intent of the Fines Reform system will be to get the fine defaulter to pay their fines by means other than imprisonment.

A more detailed description of the relevant provisions of the Fines Reform Act is given in section A5.2 of Appendix 5 to this RIS.

Chart 7 compares the Fines Reform model with the current model.

Given that many aspects of the enforcement system will be fundamentally different from the current system, particularly with respect to enforcement sanctions available for the Director, Fines Victoria – a best estimation has been provided with anticipated costs based on similar activities under the existing system. The efficiency gain that is predicted under Fines Reform is in relation to recovery rates which does not necessarily mean a lower cost. The new system of enforcement is therefore designed to be a more effective and not necessarily a less costly process as compared to the existing system. Actual stages within the new system involve essentially similar activities ‘overall’ however they are structured in different ways. For these reasons of uncertainty and given the amount of revenue to be raised by the proposed fees, *a mid-term review has been recommended in relation to establishing the costs of the new system under Fines Reform* as required by the *Subordinate Legislation Act 1994*. The accuracy of forecast costs and volumes based on current costs and volumes will be the central question to be addressed in the evaluation.

**Chart 7 – Summary of current model and new Fines Reform model**



## 1.3 Need to undertake a Regulatory Impact Statement

The DJR proposes to create new regulations (the Fines Reform Regulations 2017) under the Fines Reform Act, and amend the existing Infringements Regulations 2016<sup>21</sup>, through the making of the Infringements Amendment Regulations 2017. Given that the proposal sets fees that are estimated to raise around \$272.25<sup>22</sup> million per year for DJR (to cover the cost of registration, administrative enforcement, warrant enforcement and enforcement warrant issue) a RIS must be prepared according to the Subordinate Legislation Act. With regard to around \$46.45 million<sup>23</sup> per year for enforcement agencies (by way of PRNs) it is noted that PRN fees would be part of the base case and would continue to operate regardless of the regulatory proposal. As discussed in section 1.1 of this RIS, neither the Infringements Act nor the Infringements Regulations impose infringement fines. For this reason, the infringement fines themselves are outside the scope of this RIS.

It should be noted that many of the matters in the RIS are contingent on the passage of the Fines Reform Amendment Bill 2017 by the Parliament. This Bill will clarify the operation of the fee structure in the Fines Reform Act.

### 1.3.1 Fee provisions considered for analysis in this RIS

Section 168(1)(k) to (n) of the Infringements Act authorises the making of regulations to prescribe various fees, costs and charges payable by fine defaulters. Various existing fees are prescribed under regulation 4 of the Infringements Regulations 2016 which are to be amended. The provisions in proposed regulation 8 of the Infringements Amendment Regulations 2017, which sets the fee for the issue of PRNs (PRNs) impose significant costs and so these are assessed in detail in this RIS.

In addition, provisions that set the registration fee, collection fee (registration activity, administrative enforcement and warrant enforcement) and the enforcement warrant fee in the proposed Fines Reform Regulations 2017 impose significant burdens and so are assessed in detail in this RIS.

It should be noted that this RIS cannot assess fees and charges set under other legislation, such as fees to commence criminal proceedings, which are set under the *Magistrates' Court Act 1989* (Magistrates' Court Act).

### 1.3.2 Non-fee provisions considered for analysis in this RIS

With regard to non-fee regulations, these have been identified as generating nil or negligible incremental costs due to being classified as either simply machinery or inconsequential in terms of changing the behaviour of effected stakeholders in a discernible way and have therefore not been assessed in detail in this RIS. These relevant non-fee provisions with more than negligible impact are outlined as follows. Importantly as shown in Table 17 in this RIS the non-fee provisions are determined to be less than the \$2 million dollar per annum threshold for consideration of a full analysis.

Proposed regulations 14, 15 and 16 of the Fines Reform Regulations 2017 prescribes types of information, under what circumstances and from whom information can be sought under ss.59(a)(i) and 63(2)(d) of the Fines Reform Act. It is assumed that the regulations cannot prescribe unreasonable levels of information, and that the information sought would be readily obtainable to

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<sup>21</sup> The existing Infringements Regulations 2016 do not sunset until 2026.

<sup>22</sup> See Table 4 in this RIS for source of estimate.

<sup>23</sup> See Table 4 in this RIS for source of estimate.



the defaulter from the defaulter's tax returns and other records, and is therefore likely to result in minor costs. DJR notes that there are likely to be an estimated 6,000 directions to debtors for production of information per annum.

Proposed regulations 18 and 19 prescribe certain practices and procedure in relation to applications for AOE direction, namely the calculation method for protected level of income for the purpose of section 68(2)(b) of the Fines Reform Act, and employer obligations in respect of an attachment of earnings for the purposes of section 69(2) of the Fines Reform Act. According to DJR, it is estimated that there will be a combined 600 AOE and AOD directions per annum and that a negligible cost is likely to result for the fine defaulter or employer from having any requirements of an application prescribed.

Proposed regulation 29, which prescribes the matters to be specified in community work permits, and proposed regulation 30, which prescribes the obligations of infringement offenders subject to a community work permit, have a range of potential impacts on offenders such as not being able to choose what type of community work they undertake (including work that is ordinarily paid) and needing to comply with the obligations of offenders subject to a CWP – are also considered.

The remaining provisions of both sets of current regulations are not deemed to have a material impact or burden and, therefore, in keeping with a proportionate approach to analysis, the effects of these regulations being made/amended are not analysed in detail.

## 1.4 Consultation

The primary process of consultation regarding the proposed regulations is the publication of a RIS for public comment during a statutory minimum 28-day consultation period. The preparation and publication of a RIS provides for an informed process of consultation with the public regarding the regulatory proposal, the policy alternatives and the costs and benefits associated with each policy option. It is intended that a copy of this RIS and the proposed regulations will be forwarded to relevant government agencies, local government councils and other identified stakeholders at the commencement of the statutory consultation period. The publication of this RIS triggers the formal consultation requirements under the Subordinate Legislation Act. Public comment is now invited on the proposed regulations for a period of 28 days until 2 November 2017.

The following consultation question relates to activities undertaken by a large metropolitan council which was considered as part of the Activity Based Costing methodology used in this RIS to determine per unit costs of PRN and registration per matter.

### **Consultation question**

*Do you consider the activities listed as part of municipal Councils and analysed as part of the ABC exercise in Appendix 1 of this RIS, to be reflective of the minimum efficient resource requirements for undertaking activities associated with PRNs (see section A1.2 of Appendix 1) and pre and post registration activities (see section A1.3 of Appendix 1)?*

## 1.4.1 Consultation to date

### 1.4.1.1 Previous consultation

IN 2015, DJR arranged a series of in depth roadshows to inform key stakeholders in the infringements system, including enforcement agencies and community sector representatives, about pending reforms under the Fines Reform Act.

As a part of these roadshows, DJR informed agencies that the regulations under the existing Infringements Act would need to be remade and would form the subject of a RIS. DJR invited all stakeholders to advise DJR of any issues of concern or areas for improvement in the regulations. This included an invitation to provide written feedback via an online portal set up for the consultation process in relation to the Fines Reform Act.

In 2016, the proposed Infringements Regulations 2016 were published for formal comment. DJR received 13 formal submissions on the RIS. Substantive comments were made by a handful of large urban Councils and the Municipal Association of Victoria (MAV) made substantive comments. Those comments related solely to the proposed fee settings, and were the subject of written responses by the Director, IMES.

More broadly, during the past decade DJR has arranged numerous roadshows and supported other formal stakeholder consultation processes, including providing ongoing support to the Infringements Standing Advisory Committee which meets several times each year. During these consultation processes, stakeholders have provided numerous suggestions for improvements to the Fines Reform Act, but have not expressed significant interest in changes to the regulations.

### 1.4.1.2 Consultation while preparing this RIS

In December 2016, DJR wrote to approximately 60 key stakeholders in the infringements system, including representatives of State enforcement agencies, local councils, community sector organisations, and the courts. This letter explained the making of the regulations that are the subject of this RIS, and invited stakeholders to make any comments on the regulations and to nominate representatives to meet with DJR and discuss them and the RIS process.

To date, DJR has received expressions of interest from several large urban councils and the MAV. DJR also received a written submission from the convenors of the Infringements Working Group, which plays an advisory role to the Infringements Standing Advisory Committee on behalf of community sector organisations. DJR officers have met with representatives of both the local government and community sector representatives to discuss the proposed content of the RIS. The Executive Director, IMES, has also written to the Infringements Working Group to address the matters raised in their preliminary submission.

## Section 2 The problem to be addressed

In accordance with Government guidelines, this RIS is required to identify and describe the problems to be addressed by the proposed regulations. In other words, why are the regulations being proposed?

Section 2 of this RIS provides the basis or intervention logic behind the need for the proposed regulations (or feasible alternatives) including the government provision of services or regulatory activity (i.e. infringement enforcement activities) that give rise to the need for cost recovery by way of regulated fees. Prior to discussing these problems in more detail in section 2.2 of this RIS, the base case is established in order to understand the consequences of inaction (i.e. having no relevant Fines Reform Regulations or amendments to the Infringements Regulations).

### 2.1 The base case

The term ‘base case’ means the situation that would apply if there were no relevant regulations.

The various components of the base case include:

- the relevant provisions of the Fines Reform Act and the Infringements Act as amended
- the provisions of other relevant legislation, such as the Sheriff Act
- no regulations or prescribed fees under the Fines Reform Act
- the existing Infringements Regulations 2016 without amendments which would contain provisions no longer authorised by the regulation making powers under the Infringements Act and would also be attempting to describe details in relation to sections in the Infringements Act that no longer exist. This includes regulation 9 (b) and (c) of the Infringements Regulations 2016 which relate the lodgement fee and enforcement order fee and regulation 10 which relates to the warrant issue fee. Regulation 9 (a) which relates to PRN fee would likely continue to be authorised under the Infringements Act, and
- relevant market forces i.e. what stakeholders would be likely to do in the absence of regulations.

In particular, if no fees were prescribed by regulation specifically with respect to registration activity, enforcement, and the issue of enforcement warrants, there would be significant shortfalls and cross-subsidisations of revenue as discussed in section 2.2.1 of this RIS. The likely consequences of the lack of the proposed non-fee regulations are outlined in section 2.2.2 of this RIS.

The base case provides the benchmark for estimating the incremental costs and benefits of the proposed regulations in section 4 of this RIS.

## 2.2 The nature and extent of the problem

These problems addressed by the proposed regulations may be summarised as follows:

### *Fee problem*

1. A lack of prescribed fees with respect to registration, administrative enforcement, enforcement warrant issue and warrant enforcement activities resulting in inequitable cross-subsidisation of non-fine paying offenders (fine defaulters) by non-offenders (taxpayers).

### *Non-fee problems*

2. A lack of certain prescribed definitions, criteria and other details, which would severely restrict the collection of unpaid fines, resulting in an increased burden on the open court, and a lessening of deterrence against committing offences

It is important to emphasise that these problems arise solely from offenders not paying their infringement fines on time. In an ideal (but unrealistic) world, if all offenders paid their infringement fines on time, most of the infringements system and the regulations that support it would not be necessary.

### 2.2.1 Fee Problems

#### 2.2.1.1 Need for fees

The relevant section of the legislation that give rise to the need for fees are listed in table 3. As shown in table 3 all of the prescribed fees would need to be authorised under the Fines Reform Act – apart from the PRN fee which would continue to operate under the Infringements Act (under the base case).

**Table 3 – Legislative provisions for fees**

Category of fee	Act section	Description
PRN fee (PRNs)	s.29(4) Infringements Act	(4) The infringement penalty together with any penalty reminder notice fee may be paid within the extended period as if the infringement notice or law under which the notice was served also required the payment of that fee.
Registration fee	s.15 Fines Reform Act	(2) On the registration of the court fine the prescribed fee is payable by the enforcement agency.
	s.16 Fines Reform Act	(3) On the registration of the infringement fine the prescribed fee is payable by the enforcement agency.
Collection (Notice of Final Demand)	s.23 Fines Reform Act	(3) On the service of the notice of final demand, the prescribed fee is payable by the person.
Enforcement warrant fee	s.107 Fines Reform Act	(1) On the issue of an enforcement warrant, the prescribed fee is payable by the fine defaulter against whom the enforcement warrant is issued. (1A) Any enforcement warrant fee, PRN fee and collection fee payable by the fine defaulter may be included in the amounts specified in the enforcement warrant. (2) Any <b>fee prescribed</b> under this Act in respect of the execution of an enforcement warrant forms part of the lawful costs of execution of the warrant.

The comparison of the current fee structure and proposed fee structure under Fines Reform is illustrated in Panel 1 in section 1.2.1.10 of this RIS.

### 2.2.1.2 Lack of cost recovery

The main problem identified by this RIS is that without the proposed regulations there would be no prescribed fees and therefore no cost recovery for various fine enforcement services provided (as required by the Fines Reform Act).

As shown in table 4, there is an estimated \$291.88 million in projected annual revenue anticipated based on current fees for 2017-18.

**Table 4: Projected annual revenue from 2017-18 from current projected fees**

Type of output	Current fees projected to 2017-18 <sup>24</sup>	Outputs (5-year average)	Revenue based on current fees projected to 2017-18
PRN cost ( <i>PRN fee</i> )	\$23.17	1,881,236	\$43,593,486
Enforcement Order cost ( <i>registration activity - part of Collection fee</i> )	\$36.76	1,767,052	\$64,959,945
Infringements Court Lodgement cost ( <i>enforcement and warrant enforcement - part of Collection fee</i> )	\$70.38	1,082,578	\$76,188,147
Infringement warrant issue fee ( <i>enforcement warrant fee</i> )	\$62.22	1,721,972	\$107,146,640
<b>Total</b>		<b>6,452,837</b>	<b>\$291,888,217</b>

Fees need to be set to recover the actual costs of unique outputs provided for in the recovery of infringement and court order fines through the enforcement system. The annual IMES financial allocation of cost for managing fees for 2015-16 was approximately \$334.28 million (see Table A6.1 of Appendix 6). However, about two thirds of this financial allocation of cost (approximately \$213.15 million) is reflected by unrecovered costs of fines enforcement (as opposed to the fine itself), which have been written off in a particular financial year but cover the previous five years (i.e. bad and doubtful debts). In some cases, these bad and doubtful debts are written off without IMES receiving any cash payment. For example, this happens when a debtor:

- pays their debt in kind by undertaking community service
- goes to jail in relation to the relevant infringement, or
- dies before paying their debt.

Given that less than 100% of people pay their fines (and associated fees of enforcement) and that it is appropriate for people who give rise to this activity to pay for such activity – the choice then becomes charging those that do pay an amount that is sufficiently high enough to recover all costs (apart from non-cash clearances where people pay off their debts through CWPS or WDPs). Therefore, the choice is being made to charge people more than if it were the case that everyone actually paid their fine and associated fees and with the balance of costs which relate to non-cash clearances, to be funded from consolidated revenue.

In other words, with respect to the total financial allocated cost of processing fees of \$334.28 million, only a third of this (approximately \$121.13 million) is recovered through payments and of

<sup>24</sup> As at April 2017

the two thirds that is not recovered, a proportion is made up of offenders who refuse to pay or don't pay. Another proportion of this two thirds (approximately \$213.15 million) is made up of offenders who choose to work off their debt and for policy reasons the choice is made to recover this amount through consolidated revenue. But in relation to the proportion of offenders who don't pay with respect to the two thirds of cost that is not recovered it is desirable to have other offenders cover this cost.

Total annual administered fee revenue collected by IMES in 2015-16 was around \$280.33 million, as shown in Table 5.

**Table 5: Annual IMES fee revenue 2015-16**

<b>Type of output (<i>change under Fines Reform</i>)</b>	<b>2015-16 Volume</b>	<b>2015-16 Fees</b>	<b>Revenue 2015-16</b>
PRN cost ( <i>PRN fee</i> )	1,881,162	\$22.03	\$41,445,761
Enforcement Order cost ( <i>enforcement agency registration activity - part of Collection fee</i> )	1,861,207	\$34.95	\$65,052,920
Infringements Court Lodgement cost ( <i>enforcement and warrant enforcement - part of Collection fee</i> ) <sup>25</sup>	1,138,066	\$66.91	\$76,150,278
Infringement warrant issue fee ( <i>Enforcement warrant fee</i> ) <sup>26</sup>	1,632,840	\$59.16	\$96,598,793
Civil Warrant	-	-	\$1,086,596
<b>Total annual revenue</b>			<b>\$280,334,348</b>

The resulting net annual shortfall is therefore approximately \$53.95 million<sup>27</sup>. The discrepancy in fees revenue and financial cost is in part due to non-cash clearances as discussed earlier and in part due to some of the costs of pursuing bad and doubtful debts being recovered through consolidated revenue. That is to say, taxpayers pay for some of the costs of enforcing fines that have not been recovered, which can be due to a discrepancy between a financial year and fines enforcement processes, which can produce potential delays in timing, given that the aim is recovery over a five-year period.

A percentage of PRN fee revenue currently collected by IMES during latter stages of enforcement goes back to councils<sup>28</sup>, whereas the remaining PRN fee revenue, for matters such as those relevant to the Traffic Camera Office of Victoria Police (TCO), is kept by the Victorian Government in the case of traffic and toll offences.

The government would continue to 'fill the gap' under future arrangements however fees would need to be designed and prescribed by regulations to match current (and projected) levels of revenue to prevent an increase in the operating deficit. An increase in the operating deficit would jeopardise the ability of Fines Victoria to effectively enforce registered matters in a timely manner and so would need to be funded by increasing funding via general tax revenue.

### **2.2.1.3 The need for provision of services that give rise to costs**

The costs arising from the need for services through the infringements system under Fines Reform is outlined in the following sections and have been estimated on a 'bottom up' Activity Cost Basis.

<sup>25</sup> Includes warrant enforcement activities.

<sup>26</sup> Includes warrants for outstanding registered court fines and associated costs.

<sup>27</sup> \$334,283,677 less \$280,334,348.

<sup>28</sup> Also includes agencies such as hospitals and universities and other agencies which are non-government.

## Outsourced costs

According to DJR, the external provider charge is anticipated to be a flat<sup>29</sup> fee of \$15 per infringement/court order matter for administrative services provided across all outputs including PRNs, Registrations, Collections and Enforcement Warrants issued. These services will include: outbound correspondence, contact centre, Sheriffs' communications, and operations support<sup>30</sup>.

The apportionment of external provider costs across these outputs is summarised in table 6. The volume of output does not diminish as matters move between different stages of the fines enforcement process due to the discrepancy between calendar years and the infringements process and delays in timing.

**Table 6: Average volume of outputs 2011-12 to 2015-16 and apportionment of external provider charge of \$15<sup>31</sup>**

Category of output (change under Fines Reform)	2011-12 volume	2012-13 volume	2013-14 volume	2014-15 volume	2015-16 volume	Average volume of annual output	% total average annual outputs	Pro Rata of \$15 flat fee
<b>PRNs</b>	1,570,916	2,163,608	1,835,129	1,955,366	1,881,162	1,881,236	29.01%	\$4.35
Enforcement Orders <b>(Enforcement agency registration activity – part of Collection fee)</b>	1,565,585	1,848,784	1,811,495	1,796,481	1,915,112	1,787,491	27.56%	\$4.13
Infringements Court Lodgements <b>(administrative enforcement and warrant enforcement – part of Collection fee)</b>	901,998	1,216,540	1,087,326	1,098,488	1,171,027	1,095,076	16.88%	\$2.53
Infringement warrants issued <b>(Enforcement warrants issued)</b>	1,715,391	1,712,391	2,033,236	1,516,002	1,632,840	1,721,972	26.55%	\$3.98
<b>Total</b>	<b>5,753,890</b>	<b>6,941,323</b>	<b>6,767,186</b>	<b>6,366,337</b>	<b>6,600,141</b>	<b>6,485,775</b>	<b>100.00%</b>	<b>\$15.00</b>

## Costs associated with PRNs (PRNs)

Two types of enforcement agencies are considered with respect to PRNs including:

- non-exempt enforcement agencies<sup>32</sup> made up of mostly councils and from here on referred to as 'councils' and represented by the PRN costs of the largest metropolitan council, and
- exempt enforcement agencies<sup>33</sup> made up of mostly the TCO.

<sup>29</sup> The break-up of flat \$15 charge against outputs cannot be provided due to commercial-in-confidence requirements.

<sup>30</sup> A more detailed summary of these activities is outlined in part A1.1 of Appendix 1.

<sup>31</sup> See Table A1.5 of Appendix 1 for source of estimates.

<sup>32</sup> Such as local government and some non-government agencies including hospitals and universities

<sup>33</sup> Such as Victoria Police and the Department of Economic Development, Jobs, Transport and Resources

These two types are considered specifically, as they represent the bulk of infringement fines issued (approximately 98%), as shown in Table 7.

**Table 7: Average annual infringements issued and distribution of infringements between councils and Victoria Police<sup>34</sup>**

Category of infringements issued	2012-13 volume	2013-14 volume	2014-15 volume	2015-16 volume	Average volume of annual infringements issued	% total parking and traffic infringements issued
Parking infringements issued (Councils)	1,649,663	1,609,163	1,589,947	1,693,426	1,635,550	33.89%
Parking infringements issued (Other <sup>35</sup> )	87,534	80,108	85,797	76,191	82,408	1.71%
Traffic infringements issued (TCO)	3,374,073	2,915,442	3,128,055	3,000,375	3,104,486	64.33%
Traffic infringements issued (Other <sup>36</sup> )	4,308	3,818	3,268	3,145	3,798	0.08%
<b>Total parking and traffic infringements</b>	<b>5,115,578</b>	<b>4,608,531</b>	<b>4,807,067</b>	<b>4,773,137</b>	<b>4,826,078</b>	<b>100.00%</b>
Public Transport	214,090	203,013	229,191	153,490	199,946	
Other categories <sup>37</sup>	490,705	174,309	279,315	142,225	271,639	
<b>Total infringements issued</b>	<b>5,820,373</b>	<b>4,985,853</b>	<b>5,315,573</b>	<b>5,068,852</b>	<b>5,373,933</b>	

The main activities associated with PRNs include nominations, internal reviews, payment plans<sup>38</sup> and court elections (see discussion in Part 1.1 of this RIS for a detailed description of these activities). The costs of these activities are allocated pro rata by establishing the distribution of respective outputs as a proportion of total PRN related outputs, as shown in table 8.

**Table 8: Estimated average volume of PRN related outputs by major enforcement agency type<sup>39</sup>**

Category of PRN related output (by major enforcement agency type)	2012-13 volume	2013-14 volume	2014-15 volume	2015-16 volume	Average volume of annual output	% total average annual output
Estimated PRNs directly processed (Councils)	497,158	496,494	483,154	513,034	497,460	26.55%
Payment Plans (Councils)	44,894	42,588	43,834	45,642	44,240	2.36%
Estimated Nominations (Councils)	124,747	124,581	121,233	128,730	124,823	6.66%
Nominations (TCO)	758,890	672,038	715,464	715,464	715,464	38.19%
Infringement reviews (Councils)	188,562	193,644	184,261	193,546	190,003	10.14%
Infringement reviews (TCO)	227,391	221,153	248,229	220,690	229,366	12.24%
Court Elections (Councils)	7,280	4,049	2,777	2,979	4,271	0.23%
Court Elections (TCO)	50,894	65,714	85,968	69,531	68,027	3.63%
<b>Total annual PRN related outputs</b>	<b>1,899,816</b>	<b>1,820,260</b>	<b>1,884,921</b>	<b>1,889,616</b>	<b>1,873,653</b>	<b>100.00%</b>

<sup>34</sup> See Table A1.34 of Appendix 1 for source of estimates.

<sup>35</sup> Including Victoria police, education/health/government/industry regulation enforcement agencies.

<sup>36</sup> Including government/industry regulation enforcement agencies.

<sup>37</sup> Infringements issued for offences under various statutes related to categories such as animal, consumer safety and industry regulation, electoral, environment and pollution, excessive speed, drink and drug driving, local law and marine.

<sup>38</sup> Payment plans and PRNs (completely automated) are processed on behalf of the TCO by the external contractor and costs are included in Table 6.

<sup>39</sup> See Table A1.37 of Appendix 1 for source of estimates.



As shown in table 9, the estimated average cost of issuing a PRN per matter, including services bought in by external providers projected to 2017-18, is approximately \$24.67 – including all relevant VicRoads search/extract costs, debt collection costs, contract and legal costs.

**Table 9: Estimated average cost of a PRN per matter – 2017-18<sup>40</sup>**

Description of costs	Cost per infringement matter	Pro Rata apportionment	Costs allocated
Estimated direct costs of PRN processing (Councils)	\$4.14	26.55%	\$1.10
Payment Plans (Councils)	\$57.89	2.36%	\$1.37
Nominations (Councils)	\$12.62	6.66%	\$0.84
Nominations (TCO)	\$14.13	38.19%	\$5.39
Internal reviews (Councils)	\$46.76	10.14%	\$4.74
Internal reviews (TCO)	\$26.70	12.24%	\$3.27
Court Elections (Councils)	\$294.02	0.23%	\$0.67
Court Elections (TCO)	\$80.91	3.63%	\$2.94
Cost of external provider for processing PRNs			\$4.35
<b>Total cost of outputs per matter</b>		<b>100.00%</b>	<b>\$24.67</b>

Costs associated with collection fee - registration activity

The registration of matters with the Director, Fines Victoria includes: registration-related activities by the enforcement agency, as well as the direct cost of portal assistance to enforcement agencies by Fines Victoria. For greater detail regarding the different types of activities associated with pre-registration, post-registration and disk registration (see Section A1.3 of Appendix 1 in this RIS). With regard to pre-registration, disk registration and post-registration activities – two types of enforcement agencies are considered, including: councils (represented by Melbourne City Council), and the TCO, as well as Fines Victoria.

With regard to post-registration activities – if an application for enforcement review is granted by Fines Victoria and a fine is cancelled, the enforcement agency has the opportunity to ‘opt in’ and choose instead to prosecute within 90 days (i.e. take the matter to court and have it listed for a hearing). In the case of a rejection of an application for enforcement review by the Director, Fines Victoria (s.35(1) of the Fines Reform Act) the applicant must then pay the fine, apply for a payment arrangement, or apply for a WDP, and if the offender fails to do so the matter is listed for a summary hearing. In both these cases, the cost of post-registration activities includes consideration/decision of whether to opt in and take the matter to court as well as the preparation of the brief and the attendance by the enforcement agencies prosecutor at a summary hearing for matters.

The number of pre-registration, disk registration and post registration activities and distribution of these outputs, is shown in table 10.

**Table 10: Estimated average volume of output across registration related activities<sup>41</sup>**

Category of output	Estimated volume of pre, disk and post registration outputs	% total annual registration output
Estimated Pre-registration outputs (registrations) (Councils)	948	13.57%

<sup>40</sup> See Table A1.38 of Appendix 1 for source of estimates.

<sup>41</sup> See Table A1.40 in Appendix 1 for source of estimates.

Category of output	Estimated volume of pre, disk and post registration outputs	% total annual registration output
Disk registrations (Fines Victoria)	1,068	15.28%
Estimated Post registration outputs (Councils)	3,090	44.21%
Post registration outputs (TCO)	1,883	26.94%
<b>Average total matters registered per annum</b>	<b>6,988</b>	

The costs of these activities are allocated pro rata by establishing the distribution of respective outputs as a proportion of total registration outputs. As shown in table 11, the estimated average registration cost of a matter, including services bought in by external providers projected for 2017-18 is approximately **\$54.19** – including all relevant pre-registration and post-registration costs, disk registration costs and costs of activities undertaken by an external provider.

**Table 11: Average cost of registration of matter with Fines Victoria – 2017-18<sup>42</sup>**

Description of costs	Cost per infringement matter	Pro Rata apportionment	Costs allocated
Cost of pre-registration registration output (Councils)	\$0.14	13.57%	\$0.02
Cost of disk registration output (Fines Victoria)	\$0.01	15.28%	\$0.00
Cost of post-registration registration (Councils)	\$64.68	44.21%	\$28.60
Cost of post-registration registration output (TCO)	\$79.59	26.94%	\$21.44
Cost of external provider <sup>43</sup>			\$4.13
<b>Total cost of registration outputs per matter</b>			<b>\$54.19</b>

Costs associated with collection fee – administrative enforcement and warrant enforcement

The management of administrative enforcement by Fines Victoria of registered matters includes the following outputs:

- applications for waiving or reducing costs or fees<sup>44</sup>
- directions for corporate director liability
- directions for production of information
- applications for payment arrangements
- charges over land and sale of real property
- directions for AOE
- directions for AOD
- applications for WDPs
- applications for enforcement reviews
- driver and vehicle enforcement sanctions

With respect to driver and vehicle enforcement sanctions, the Director, Fines Victoria may direct VicRoads under s.89 of the Fines Reform Act to:

- suspend any driver licence
- not to grant or renew any driver licence of the fine defaulter
- to suspend the registration of a vehicle registered to the fine defaulter
- not to renew the registration of a vehicle registered to the fine defaulter

<sup>42</sup> See Table A1.41 in Appendix 1 for source of estimates.

<sup>43</sup> See Table 6 of this report for allocation of outsourced costs

<sup>44</sup> This relates to the Director's power to waive or reduce enforcement costs or other fees (s.9) of the Fines Reform Act.

- not to transfer to any other person the registration of a vehicle registered to the fine defaulter, whether or not an application for transfer of registration has been made, and
- not to register a vehicle in the name of the fine defaulter

until the Director, Fines Victoria directs VicRoads that the sanction should be discontinued under s.91 of the Fines Reform Act. The number of these enforcement outputs (projected for 2017-18) per annum and distribution is shown in table 12.

**Table 12: Estimated volume of projected enforcement matters – 2017-18<sup>45</sup>**

Category of enforcement output	Projected 2017-18 volume of outputs	Projected 2017-18 volume of matters	% total projected annual enforcement output
Applications for waiving or reducing costs or fees	720	7,700	0.47%
Directions for corporate director liability	2,500	50,000	1.64%
Directions for production of information	6,000	64,169	3.93%
Applications for payment arrangements	31,435	336,192	20.58%
Charges over land and sale of real property	100	1,069	0.07%
Directions for AOE and AOD	600	6,417	0.39%
Applications for WDPS	3,945	42,195	2.58%
Applications for enforcement reviews	100,000	849,342	65.45%
Driver and vehicle Enforcement sanctions	7,477	80,000	4.89%
<b>Total projected enforcement outputs per annum</b>	<b>152,777</b>	<b>1,437,085</b>	<b>100.00%</b>

The costs of these activities are allocated pro rata by establishing the distribution of respective outputs as a proportion of total enforcement outputs. As shown in table 13, the estimated average cost of a managing enforcement of registered matters by Fines Victoria, including services bought in by external providers projected for 2017-18, is approximately \$27.77 – This includes all costs of relevant of outputs discussed.

**Table 13: Average cost of enforcement of registered matter by Fines Victoria<sup>46</sup>**

Description of costs	Cost per matter	Pro Rata apportionment	Costs allocated
Cost of processing applications for waiving or reducing costs or fees	\$1.48	0.47%	\$0.007
Cost of directions for corporate director liability	\$9.66	1.64%	\$0.158
Cost of directions for production of information	\$4.75	3.93%	\$0.187
Cost of processing applications for payment arrangements	\$4.91	20.58%	\$1.011
Cost of processing charges over land and sale of real property	\$7.46	0.07%	\$0.005
Cost of directions for AOE and AOD	\$11.36	0.39%	\$0.045
Cost of processing applications for WDPS	\$43.26	2.58%	\$1.12
Cost of processing applications for enforcement reviews	\$34.43	65.45%	\$22.54
Cost of processing driver and vehicle enforcement sanctions	\$3.57	4.89%	\$0.17
Cost of external provider <sup>47</sup>			\$2.53
<b>Total cost of outputs per matter</b>			<b>\$27.77</b>

<sup>45</sup> See Table A1.42 in Appendix 1 for source of estimates.

<sup>46</sup> See Table A1.43 in Appendix 1 for source of estimates.

<sup>47</sup> See Table 6 of this report for allocation of outsourced costs.

The management of enforcement also includes enforcement conducted by the Sheriff's Office after an enforcement warrant is issued. This includes the costs of sanctions available to the Sheriff's Office to recover debts for unpaid matters where a natural person has failed to request a payment arrangement or apply for an enforcement review within the 'seven-day notice' period. These sanctions designed to prompt payment include:

- wheel clamping<sup>48</sup>
- removal of number plates
- seizure and sale of goods
- third party claims, and
- arrest.

The estimated cost of this per matter is \$46.27, as shown in table 14.

**Table 14: Average cost of warrant enforcement by the Sheriff's Office – 2017-18<sup>49</sup>**

Activity	Cost per matter
Sanctions	\$8.79
Seizure and removal of assets	\$0.74
Sale of assets	\$3.27
Third party claims	\$0.23
Arrest	\$33.24
<b>Total</b>	<b>\$46.27</b>

Costs associated with issuing and serving a warrant

The cost associated with issuing and serving a warrant is estimated to be \$55.99 per matter projected for 2017-18 and includes the time required for the preparation of a warrant, issuing a warrant, serving a seven-day notice and payment demand, application for payment arrangement and external contractor<sup>50</sup>, as shown in table 16.

**Table 15: Average cost of issuing and serving a warrant by the Sheriff's Office – 2017-18<sup>51</sup>**

Activity	Cost per matter
Associated activities with issuing a warrant <sup>52</sup>	\$21.69
Serving a seven-day notice and payment demand	\$29.37
Application for payment arrangement	\$0.92
External contractor	\$4.00
<b>Total</b>	<b>\$55.99</b>

The costs of the fines enforcement system are summarised in Table 16 and estimated to be \$318.71 million per annum in total.

<sup>48</sup> Can occur before a seven-day notice is issued.

<sup>49</sup> See Table A1.44 of Appendix 1 for source of estimates.

<sup>50</sup> See Table 6 for apportioned cost of contractor \$3.98.

<sup>51</sup> See Table A1.45 for source of estimates.

<sup>52</sup> These activities include the identification and preparation of which debtors are to be included in the list for warrants to be issued by the MCV.

**Table 16: Estimated cost of the fines enforcement system – 2017-18**

Type of output	Outputs	Per unit cost (2017-18)	Total estimated cost (2017-18)
PRN	1,881,236	\$24.69	\$46,453,043
Registration	1,767,052	\$54.16	\$95,712,170
Administrative enforcement	1,082,578	\$27.76	\$30,050,184
Warrant enforcement	1,082,578	\$46.27	\$50,085,739
Enforcement warrant (issue)	1,721,972	\$55.99	\$96,404,600
<b>Total</b>			<b>\$318,705,737</b>

#### 2.2.1.4 The need for additional services from Court Services Victoria under Fines Reform

DJR understand that there are four main new outputs (areas of activity) that the MCV will provide to government under Fines Reform, including:

- enforcement hearings where a fine defaulter is arrested and bailed
- summonses for oral examination
- declared director applications, and
- issuing enforcement warrants.

There has been some discussion of the option for MCV being able to finance the cost of provision of the four outputs through fees imposed under the Fines Reform Act and the proposed Fines Reform Regulations.

However, there are two public finance constraints to this option: 1) classification of the revenue, and 2) parliamentary authority to apply such revenue.

Put simply, the revenue raised by the provision of the four MCV outputs is a tax, fee or fine (TFF) - it is Consolidated Revenue and must be paid into the Public Account and credited to the Consolidated Fund (CF). No monies can be paid out of the CF without appropriation. Even if the revenue raised by the provision of the four outputs was to be classified as sale of goods and services (user charges), the appropriation constraint would persist.

#### Issues

The revenue to be raised from the provision of the four MCV outputs to government is clearly a TFF. As such, it cannot be accessed by MCV under a Section 29 Financial Management Act revenue retention agreement since it is not from the sale of goods and services (SOGS) to entities outside the government sector.

Were MCV to seek an uplift in the limit of appropriation revenue it can access (commensurate with the demonstrable increase in MCV expenses incurred in the provision of the four outputs), then MCV would need to make a case to the Treasurer and DTF.

The nature of appropriation means that DJR (Fines Victoria) cannot secure the additional appropriation revenue and transfer it to MCV.

Even if the revenue were to be classified as SOGS, the constraint of the departmental appropriation boundary will remain. This is because revenue retention agreements under s.29 of the *Financial Management Act 1994* are also departmentally unique - they can only be entered into between the Treasurer and a Minister of a department (for appropriation purposes, MCV is a department) and the agreements are for one financial year only.

On the basis of the matters discussed above, DJR does not propose to include costings for the four MCV outputs listed above within this RIS.

#### *2.2.1.5 Efficiency measures adopted in service delivery*

Previously, the majority of the costs of administering the infringements system have been determined by the structure of the Infringements Act and the constraints imposed by the Victorian Infringement Management System (legacy IT system) used to administer relevant processes.

As a result, while IMES has so far made marginal efficiency gains through measures such as streamlining and improving the design and administration of various notices, forms and other documentation, providing improved online information and review application forms on the Fines Victoria website, and similar administrative measures, significant efficiency gains will only be achievable once the amended legislation (the Fines Reform Act) and the new Victorian Infringements, Enforcement and Warrants (VIEW) IT system which will support it are ready to commence operation in tandem. It is noted that even relatively minor changes to the legacy IT system have been expensive to make, and that the cost of making more major changes has been prohibitive relative to the efficiency gains they would produce.

Upon commencement, the Fines Reform Act will introduce a range of legislative reforms that will be supported by the significantly enhanced VIEW IT system. Greater efficiencies will be gained through more efficient decision making pathways enabled by the new legislation, modern IT software, new businesses services contracts, and the fact that a range of processes will be automated, all of which will also facilitate faster decision making. Less resources will need to be spent within the operational system to make it work due to legislative modifications, and the system itself will better support data analysis to support the concentration and effort of resources toward more effective debtor engagement campaigns. The improved identification and engagement of particular debtors enabled by this more client-centric system will short circuit what can otherwise be a very long cycle for debtors with languishing debts. These early interventions may also result in changed behaviour and increased deterrence of re-offending.

Under the new system, which will be based on software architecture that is at least twenty years more up to date, there is also much more adaptability to accommodate future efficiency measures than was the case with the legacy IT system, which has hard coded underlying features that cannot be changed at all. In terms of managing the business services that will support the VIEW IT system and the IMES business unit, the provider will be required to meet certain key performance indicators and performance standards, generating a higher set of expectations for the 'front of house' services (e.g. call centre services) than has previously been provided. Some of the communications to Sheriff's officers will also be provided by officers in the field on a more targeted fashion than ever before, which will also significantly increase efficiencies at the warrant stage, which is the most resource intensive part of the process on a per matter basis.

DJR considers that the outsourcing process that was undertaken for existing IMES businesses processes was efficient and constituted value for money, based on the tendering process involved. These processes were outsourced largely in their current form in 1998 pursuant to the Magistrates' Court Act. Prior to 30 October 2007, the State sourced Traffic Camera Services and Enforcement Management Services through a contract with Tenix Solutions Pty Ltd. These services were split in 2007. In line with applicable legislation and Government policy initiatives DJR went to tender in January 2007 for two separate services: one for Traffic Camera Services and one for IMES. Currently, a single service provider (Tenix Solutions) delivers a suite of end-to-end administrative services for the enforcement of infringements and court fines (the IMES Agreement, which forms part of the costed activities in this RIS).

The IMES Agreement was awarded after the completion of a rigorous competitive tendering process for a five-year term commencing on 31 October 2007 and ending on 30 October 2012. The contract included one extension option for a period of up to three years, which the State exercised. Prior to the contract end date, a further extension was approved until January 2017. Due to the delayed implementation of Fines Reform, the Tenix IT and business services were then extended under the IMES Agreement to 31 December 2017.

For the purpose of tendering for the services currently provided under the IMES Agreement, these were split again into IT services and business services. With a staged approach to the implementation of Fines Reform, the IT services for the VIEW system build were tendered and awarded to Civica Pty Ltd (Civica) in September 2016, and the business services contract was also tendered and awarded to Civica in August 2017. While the contract with Civica to build and implement the VIEW IT System is necessarily long term due to the system's complexity and the scale of the infrastructure investment, the business services agreement is intended to be a shorter term.

The split and staged tendering of the IT services and the business services, in addition to the differentiation in contract term lengths meets best practice government procurement. Firstly, it enables the business services to be instructed by the VIEW IT system build and implementation, it will improve service pricing by dividing the monopoly enjoyed by a single vendor delivering both services under a single contract, and further it will improve service delivery and value for money by inducing performance by the business services vendor under a shorter contract term. This approach to business services procurement alongside an IT system is more consistent with Victorian Government Procurement Board standards relating to better interaction between government and the marketplace and improved value-for-money.

The latest IMES Agreement expires on 31 December 2017 and provides for matters such as sending out infringement notices and other correspondence, operating a contact centre, services directed towards managing the infringement debt and the provision of administrative services in support of the Sheriff's Office, and operations support such as processing of inbound correspondence such as nominations, and providing banking services. These services will, as noted above, be taken over by the successful tenderer for the business services contract.

#### *2.2.1.6 The need for cost recovery and government policy*

Prescribed fees for services are governed by the Fines Reform Act which enable regulations to be made to set fees for any and all transactions involving activities relating to PRNs, registration, collection, and enforcement warrant issue. However, the level of fees is set by regulations and is therefore assessed in this RIS.

The need for cost recovery is about the recuperation of costs of services provided under the infringement enforcement system that, to some extent, provide 'private benefits to individuals, entities or groups, or reflect the costs their actions impose.'<sup>53</sup>

The default position of government policy is full cost recovery to ensure that both efficiency and equity objectives are met and to reduce fiscal pressure. Reducing the reliance on general tax revenue means that such revenue can be diverted to more appropriate uses in the economy.<sup>54</sup>

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<sup>53</sup> Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.

<sup>54</sup> Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.



## Efficiency objective<sup>55</sup>

Appropriate fees will ensure that scarce resources are not wasted through frivolous activity and put to their best uses in the economy. The requirement for the efficient pricing of, or providing an appropriate ‘price signal’ for, regulatory services (i.e. allocative efficiency) involves fees which reflect the costs of providing PRNs, registrations, administrative enforcement, warrant enforcement, and the issue of enforcement warrants— along with any consideration of additional costs and benefits (negative or positive third party effects or externalities) the infringement enforcement system provides. This will ensure that only those who value the enforcement services at or above the ‘efficient’ price will wish to allow for such services to be provided and there is not an over-utilisation of resources committed to this regulatory activity. Hence only those who give rise to the regulatory activity should pay for it.

## Equity objective<sup>56</sup>

The costs of processing PRNs, registrations, collections, and the issue of enforcement warrants, as discussed in section 2.2.1.3, need to be recovered “either from users or others who benefit from the good, service or activity, those whose actions give rise to it, or from taxpayers more generally.”<sup>57</sup> In other words, fees would need to be horizontally equitable with “those who benefit from government activities, or those that contribute to the need for government regulation, having to pay the associated costs”. This avoids the situation where taxpayers have to pay all the associated costs regardless of whether or not they benefit from – or give rise to the need for – infringements enforcement activities.

## Effectiveness

Another issue that needs to be considered with respect to cost recovery is the effectiveness of fees and any adjustment costs of managing fees. Adjustment costs, will be driven by legal and technical, as well as, administrative cost considerations.

### 2.2.2 Non-fee Problems

In the absence of the proposed regulations or feasible alternatives, court fines and infringement fines could still be issued under the base case. However, there would be ineffective and inefficient systems to collect and enforce the payment of the fines. To the extent that such ineffectiveness results in the non-collection of unpaid fines, there would be consequential reductions in deterrence against committing offences, resulting in adverse impacts on law and order in relation to minor crimes, significantly with respect to vital systems such as road safety and parking availability.

Specifically, the fines collection and enforcement systems would lack the following prescribed details:

#### Definitions and thresholds:

- definition of key terms
- minimum infringement fine amount
- how to calculate the amount of earnings of an employee
- protected level of income for an attachment of earnings direction

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<sup>55</sup> Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.

<sup>56</sup> Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.

<sup>57</sup> Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.



### **Collection of information:**

- types of information, under what circumstances and from whom information can be sought
- 'specified enforcement information agencies' to provide information for enforcement purposes

### **Details of warrants**

- information that a registrar must include when entering the details of an electronic enforcement warrant into the electronic enforcement warrant register
- details of a written statement to fine defaulter regarding giving consent to execution of enforcement warrant after the period referred to in section 120(1) of the Fines Reform Act has expired

### **Detention of motor vehicles**

- period within which a detained or immobilised vehicle must be released to the registered operator

### **CWPs/WDPs**

- details for sheriff to release an infringement offender on a CWP
- what a CWP must specify
- requirements of a CWP

### **Enforcement**

- other manners of serving documents, and
- various prescribed forms.

Some of the above items provide incremental benefits to fine defaulters without which the fine defaulters would be worse off, for example:

- protected level of income for an attachment of earnings direction
- details of a written statement to fine defaulter regarding giving consent to execution of enforcement warrant, and
- period within which a detained or immobilised vehicle must be released to the registered operator.

The cumulative impact of failure to prescribe all of the above details would have the overarching effect of making the fines collection system difficult to operate in practice, since multiple steps in the process would be subject to legal uncertainty and potential invalidity.

## Section 3 Specification of the desired objective

Having regard to purposes of the Fines Reform Act and the above discussion, to solve the problems identified in sections 2.2.1 and 2.2.2 of this RIS, the following policy objective of the regulatory proposal is identified:

1. To reduce the burden on courts and enforcement agencies and promote law and order by providing for an efficient debt recovery system for persons issued with an infringement or court fine, and
2. To recover from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the Infringements Act (as amended by the Fines Reform Act) and the Fines Reform Act.

The main test for assessing the proposed regulations against the practicable alternatives is their relative net benefit in achieving these policy objectives.

## Section 4 Identification of feasible options

This section of the RIS seeks to identify viable options for cost benefit assessment in section 5. Here the RIS will identify practicable alternative means of achieving the policy objective identified in section 3 of the RIS.

As the ‘base case’ (see section 2.1 for details) is the benchmark for measuring the costs and benefits of the alternatives, the base case cannot itself be an alternative, although the likely financial and other consequences of the base case have been discussed in sections 2.2.1 and 2.2.2 of the RIS.

Possible options will now be considered in the following two parts of this RIS. The first part examines non-fee options and the second part examines fee options.

### 4.1 Feasible variations of non-fee regulations for discussion

It has been established that there are no significant changes that can be made to improve the non-fee regulations. Issues considered as part of an option for variation of the non-fee regulations are not substantial and include omitting the only costly non-fee regulations.

The total annual quantifiable incremental cost of current non-fee regulations as compared to the base case, is estimated to be \$0.52 million<sup>58</sup> per annum or \$4.23 million over 10 years in present value dollars and relates to the prescription of types of information that can be sought by the Director, Fines Victoria or MCV under regulations 5, 6, 14, 15, 16, 18 & 19 – for around 6,000 directions.

With respect to regulations 14, 15 and 16, and only in the instance where insufficient information has been provided by the offender, the Director, Fines Victoria will need such information (namely tax records) in order to assess their financial status and ability to pay and will need an indication for such ability. There is no way to improve on this proposed non-fee regulation apart from having the Director, Fines Victoria request tax records which would be the most effective and way to ascertain financial status and would be the bare minimum amount of information which the Director, Fines Victoria could request to inform their judgment.

For this aforementioned reason, the only alternative option to these costlier non-fee regulations being proposed would be simply omit them.

**Table 17: Summary of 10-year quantifiable costs of proposed non-fee regulations (\$m)<sup>59</sup>**

Proposed Reg. No.	Nature of costs as compared to the base case based on estimated volumes	Costs imposed on	Annual costs	10-year PV costs
<b>Fines Reform Regulations 2017</b>				
Regulations 14, 15 & 16	Providing information to Director, Fines Victoria or Magistrates’ Court on financial circumstances (6,000 directions per annum)	Offenders	\$0.50	\$4.03
Regulations 5, 6, 18 & 19	Meeting additional practices and procedures for applications for AOE and	Offenders	\$0.02	\$0.20

<sup>58</sup> See sections A3.1 and A3.2 in Appendix 3 for source of estimates which have been based on conservative assumptions (high values) regarding the volume of activities and compliance time/effort that are likely to occur in future – as opposed to the alternative of providing a range of low and high values.

<sup>59</sup> See sections A3.1 and A3.2 in Appendix 3 for source of estimates.

Proposed Reg. No.	Nature of costs as compared to the base case based on estimated volumes	Costs imposed on	Annual costs	10-year PV costs
	AOD directions (600 applications per annum)			
<b>Total</b>			<b>\$0.52</b>	<b>\$4.23</b>

\* One off cost

#### 4.1.2 Omitting costly non-fee regulations - proposed Fines Reform Regulations 2017

The costly non-fee regulations in the proposed Fines Reform Regulations 2017 to be considered for omission include:

- proposed regulations 14, 15 and 16, which would otherwise prescribe types of information, under what circumstances and from whom information can be sought by the Director, Fines Victoria or MCV notwithstanding that regulations cannot prescribe unreasonable levels of information, and that the information sought would be readily obtainable to the defaulter from the defaulter's tax returns, and
- proposed regulations 29 and 30, which would otherwise potentially limit the ability of community work offenders to choose what type of work they undertake, and which would otherwise prescribe obligations around the CWP.

Table 18 summarises the unquantifiable costs under the proposed regulations 29 and 30 of the proposed Fines Reform Regulations 2017. As shown in table 18, the largest frequency of unquantifiable costs of the non-fee regulations is expected to be around CWPs. Loss of discretion over type of community work is treated as a cost to the extent that some of the 1,577 offenders affected per annum may wish to contribute their effort to a community need based on their own preferences or priorities. Removing the ability of Community Correctional Services to consider such matters might be seen as a cost. While the regulations are expressed in terms of an offender being required to perform certain broad types of community work under a CWP, in practice some discretion is applied to the type of work that people are required to perform. Community Correctional Services typically assigns a case manager to each offender who will determine where the person is placed and will consider their capacity and suitability to undertake different types of work. If the person has physical limitations, they are required to provide a recent medical report outlining what they can and cannot do. As it would be impractical for the regulations to anticipate all of the different personal attributes and circumstances that affect a person's capacity and suitability for different types of work, such considerations are more effectively dealt with through the use of appropriate staff training and operating policies and procedures.

**Table 18: Summary of unquantifiable costs of proposed non-fee Fines Reform Regulation 2017 as compared to the base case**

Proposed Reg. no.	Nature of annual costs as compared to the base case (estimated volumes)	Unquantifiable costs imposed on
29 & 30	Loss of choice over type of community work for up to 1,577 offenders	Those undertaking community work
30	Cost of 1,577 offenders needing to inform the Regional Manager or Community Corrections Officer of inability to undertake work, illness, leaving work, as well as, the costs of having obligations regarding the use of alcohol and drugs	Those undertaking community work

Consultation by DJR with enforcement agencies has not identified significant opportunities for improvement to policies and processes contained in the proposed regulations, which might benefit stakeholders and which, while designated for adoption as part of implementing the Fines Reform Act, could ‘easily’ be changed for the proposed regulations. These proposed regulations constitute necessary changes as part of the reform package under the Fines Reform Act. DJR’s view is that apart from the potential omissions discussed above, there are no other changes that could be made to the proposed regulations that would yield sufficient improvements in the system to make the cost of changing them (to both Government and the users of the system) worthwhile. In particular, Fines Reform and supporting regulations:

“provide for the introduction of consistent and efficient processes for the collection and enforcement of court and infringement fines, with additional strengthened enforcement capacity and sanctions and more payment options. For people suffering genuine incapacities or hardships... [Fines Reform introduces] ...new and better procedures to properly recognise those incapacities or hardships and provide a way forward. These reforms involve extensive operational changes, the development of information communications technology systems, and a raft of subordinate legislation amendments.”<sup>60</sup>

For these reasons, potential changes have been included as a discussion rather than being presented as a full options analysis in section 5 of this RIS. That is to say the remaining provisions of both sets of proposed regulations are not considered to have a material impact or burden and, therefore, in keeping with a proportionate approach to analysis, the effects of these regulations being remade are not analysed in terms of options.

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<sup>60</sup> Hansard Victoria, Second Reading Speech, Fines Reform Bill 2014, 12 June 2014. [http://www.parliament.vic.gov.au/images/stories/daily-hansard/Council\\_2014/Council\\_Daily\\_Extract\\_Thursday\\_12\\_June\\_2014\\_from\\_Book\\_8.pdf](http://www.parliament.vic.gov.au/images/stories/daily-hansard/Council_2014/Council_Daily_Extract_Thursday_12_June_2014_from_Book_8.pdf).

## 4.2 Feasible variations of fee regulations for discussion

There are three basic stages of the fines enforcements system including:

- PRN stage
- registration stage, and
- warrant stage.

It is important to recognise that enforcement of fines will no longer depend on the issue of an infringement warrant as it does under the current Infringements Act. Instead, the issue of an enforcement warrant opens up a range of additional enforcement options including wheel clamping, seizure of property and arrest. This is in addition to a range of administrative sanctions.

Fee options have been selected as achieving the objectives around recovering from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the Infringements Act and the Fines Reform Act across these stages and are assessed in comparison to the ‘base case’ in which no fees for registration, administrative enforcement, warrant enforcement and enforcement warrant issue activities are prescribed (where it is assumed that all these costs would be funded via general tax revenue), and in which:

- the costs of the fines enforcement process would be cross-subsidised by all taxpayers
- no one would pay for costs incurred, resulting in inefficient levels of activity
- there would be no cost to those who fail to pay infringement or court fines, and
- PRNs, registrations, administrative enforcement, warrant enforcement, and enforcement warrant issue would cost Victorian taxpayers an estimated \$318.71 million per annum (see Table 16 in this RIS).

Importantly, while technically the proposal only amends<sup>61</sup> the PRN fee, the analysis of fee options in Section 5 of this RIS is uses a ‘zero’ base case for this fee in order to provide for consistent analysis with other changes under the legislation including the other fees, and to better reflect the impacts of the new regime under Fines Reform in its entirety.

The options considered for analysis in this RIS are:

- **Option A** – stratified full cost recovery fees
- **Option B** – partial cost recovery PRN fee based on status quo of payment flows and existing regulations
- **Option C** – full cost recovery fees based on status quo of payment flows (the proposed fees option)
- **Option D** – full cost recovery fees with councils<sup>62</sup> and offenders charged for warrant enforcement activities during the warrant stage
- **Option E** – full cost recovery fees with *only* offenders charged for warrant enforcement activities during the warrant stage.

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<sup>61</sup> As discussed in section 2.1 of this RIS the base case, without the Fines Reform Regulations 2017 and Infringements Amendment Regulations 2017 - the PRN fee could still operate under the unamended Infringements Regulations 2016 and would still be authorised under the Infringements Act – however for the purpose of the analysis all fees are being considered in a comprehensive way with respect to Fines Reform.

<sup>62</sup> Councils, universities and hospitals.

The bulk of the analysis is around setting the fees and in setting the fees DJR has thought about what fee it wants to charge for each stage of the enforcement process including choices around fee structure (different fees at each stage or average fees), cost recovery (full or partial cost recovery) and timing of fees for warrant enforcement (registration stage or warrant stage). These choices (differences) with each of the fee options are illustrated in table 19.

**Table 19: Fee options A to E – main differences compared**

<b>Option</b>	<b>Fee structure</b>	<b>Cost recovery</b>	<b>Timing of enforcement warrant fee</b>
A	<b>Stratified fees (different fees for different pathways chosen in each stage)</b>	Full cost recovery of all activities	Paid by councils and offenders during registration stage
B	Average fee for each stage	<b>Partial cost recovery of PRNs</b> Full cost recovery of other activities	Paid by councils and offenders at registration stage. Notice of Final Demand issued to offender specifying fees payable, and council payments refunded to council if fine paid. Paid by councils and offenders at registration stage. Notice of Final Demand issued to offender specifying fees payable, and council payments refunded to council if fine paid.
C	Average fee for each stage	<b>Full cost recovery of all activities</b>	<b>Paid by councils and offenders at warrant stage.</b> Fee specified in enforcement warrant, and refunded to council if paid by offender. Paid by councils at registration stage and offenders at warrant stage.
D	Average fee for each stage	Full cost recovery of all activities	<b>offenders at warrant stage.</b> Fee specified in enforcement warrant, and refunded to council if paid by offender. Paid by councils at registration stage and offenders at warrant stage.
E	Average fee for each stage	Full cost recovery of all activities	<b>offenders at warrant stage.</b> Fee specified in enforcement warrant, and refunded to council if paid by offender.

DJR has also considered choices around payment of court filing fees. Under Fines Reform, councils will need to pay the standard criminal court filing fee at the MCV if they seek review of a decision made by the Director, Fines Victoria and ‘opt in’ and take the offender to court and the council is giving rise to the activity of prosecution. Previously this was unnecessary because the Infringements Court was, in a legal sense, a venue of the MCV. The argument that can be made from the perspective of councils is that if the offender has been dishonest with the Director, Fines Victoria, then the matter ought to be able to be tested in open court without additional fees. However, the counter argument is that if the MCV decides that the offender should not have pursued an enforcement review and their case has no merits and that the original offence has been proven, then the magistrate has the power to make a cost order against the offender to the benefit of council.

There has been some discussion around an option for ‘councils’ to be able to finance the cost of criminal court filing through fees imposed under the Fines Reform Act 2014 and the proposed Fines

Reform Regulations 2017. This option tries to address the question: “who should bear the cost of prosecuting a matter?” or alternatively, “who is giving rise for the need to prosecuting the matter and associated resource costs required”. This option would hypothetically try to provide an alternative to councils having to pay a criminal court filing fee in the instances where they are unsatisfied with the decision by the Director, Fines Victoria and decide to pursue the matter in open court.

Such an option would mean that the criminal court filing fee is incorporated into the Notice of Final Demand at the registration stage. Based on 3,090 current prosecutions per annum and a cost per filing fee of \$120<sup>63</sup> – the estimated annual cost of this fee for councils is \$0.37 million per annum, as shown in table 20 – with the estimated cost of \$0.21 per matter.

**Table 20: Estimated annual cost of criminal court filing of matters for Councils**

<b>Estimated criminal court filing fee per matter</b>	<b>\$ value</b>
Cost per filing fee	\$120
Estimated no. prosecutions per annum	3,090
Total filing cost per annum	\$370,743
Court filing cost per matter	\$0.21

However, critically, criminal court filing fees couldn't be collected at registration and be diverted to the courts due to the two public finance constraints discussed in Section 2.2.1.4 of this RIS around the consideration of such an option: 1) classification of the revenue, and 2) parliamentary authority to apply such revenue. On the basis of the matters discussed above, DJR has not included an option of recovering criminal court filing costs through fees for the purpose of this RIS as it is considered to be non-feasible and beyond the scope of the RIS.

Finally, in setting fees via an activity based costing method it is presumed that the cost of the activities actually undertaken are fully recovered in a given year. However, due to the discrepancy in timing between financial year and enforcement processes not all costs are recovered ‘in a dynamic sense’. Therefore, it is important to note that the fees proposed in Options A to E are ‘static’ fees and represent costs recovered in a given financial year.

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<sup>63</sup> This is an overestimate as some prosecutions may involve single matters to which the court filing fee will be less.



#### 4.2.1 Fee Option A (Stratified full cost recovery fees)

Option A involves charging individuals stratified fees with different fees for following different main pathways in the enforcement process reflecting the different costs associated with such pathways.

As shown in Chart 3 of this RIS, a person issued with a PRN has the choice of paying the PRN, requesting an internal review, requesting a payment plan, electing to go to court or requesting a nomination. The highest levels of volume accrue across internal reviews and nominations. As shown in table 9, 44.85% of infringements at stage 2 (PRN stage) involve nominations and 22.38% involve internal reviews. Under Option A, individuals who receive a PRN and who do not request a nomination or internal review would not be charged for such activities (estimated to be \$6.23 and \$8.01 per matter, respectively, as shown in table 9 in this RIS). That is, under stage 2 of the enforcement process there would be stratified fees for those who do not request either a nomination or an internal review saving up to \$14.25 per matter. Under Option A there would be greater efficiency as those wishing to nominate or request an internal review would pay a higher fee discouraging frivolous activity and reducing the fee for those who do not wish to pursue these avenues. There would also be less cross-subsidisation of those who nominate or undertake internal reviews by those that do not. The possible PRN fee types under Option A would be therefore be:

- PRN fee (without nomination or request for internal review), and
- PRN fee (with costs included as relevant for nomination and/or request for internal review).

With regard to enforcement agency registration activity, as shown in table 11, 44.21% of registrations with Fines Victoria are associated with post registration costs of \$28.60 per matter for parking and 26.94% are associated with post registration costs of \$21.44 per matter for traffic and tolling offences (as shown in table 11). Option A would involve a reduction in these costs for offenders where registrations do not involve relevant post registration court activities. The possible enforcement agency registration activity fee categories under Option 2 would include:

- registration fee (with post-registration court activities by councils)
- registration fee (with post-registration court activities by TCO), and
- registration fee (without post-registration court activities).

As shown in Chart 4 of this RIS, during stage 3 of the enforcement process (i.e. registration), an individual has the choice of either requesting an enforcement review, payment arrangement or WDP application. Anticipated volumes accruing under the three scenarios are estimated to be 65.45%, 20.58%, and 2.58% respectively (see table 12 of this RIS). Under Option A, individuals who fail to pay their PRN and go to the stage 3 (registration stage) and who do not request an enforcement review or payment arrangement or WDP would save approximately \$22.54, \$1.01, and \$1.12 per matter (see table 12). There would be a saving of up to \$24.67 per matter (for those not involved in enforcement reviews, payment arrangements and WDP applications).

Also in terms of warrant enforcement activity, the cost of arrest of \$33.24 or cost of sanctions \$8.79 (the largest components of warrant enforcement costs as shown in table 15) would only be incurred by those arrested or those who incur sanctions, as opposed to anyone who allows their matter to reach registration stage (stage 3). Again, there would be a greater level of both efficiency (with appropriate price signals to those requesting services or incurring sanctions/arrest) and equity (with less cross-subsidisation) under Option A with respect to the combined enforcement fee for

administrative and warrant enforcement. The possible joint enforcement fee and enforcement warrant fee types under Option A would be therefore be:

- combined administrative and warrant enforcement fee (without enforcement review, payment arrangement, WDP applications, sanction and arrest), and
- combined administrative and warrant enforcement fee (with costs included as relevant for enforcement review, payment arrangement, WDP applications, sanction and/ or arrest).

Finally, with regard to enforcement warrant fees, Option A would not provide stratified fees. In this case, it is noted that the \$21.69 for issuing a warrant and \$29.37 in the case of serving a seven-day notice and payment demand would apply to all matters (see table 15).

Table 21 shows an indication of the scale of change for each category of fees that would occur if such an option were implemented.

**Table 21: Comparison of current and Option A fees per matter (projected for 2017-18)**

Description of fee	Current projected fee/matter	Option 1: ABC estimate less cost of relevant activity excluded/matter	% Increase(+)/ decrease(-) of Option A from current projected fee/matter
Penalty Reminder Fee without nomination	\$23.17	\$18.46 <sup>64</sup>	-20.33%
Penalty Reminder Fee without request for internal review	\$23.17	\$16.68 <sup>65</sup>	-28.01%
Penalty Reminder Fee without all costs included as relevant for nomination and request for internal review	\$23.17	\$24.69	+6.56%
Registration activity fee ( <i>currently enforcement order fee</i> ) without post lodgement activities by Councils	\$36.76	\$25.56 <sup>66</sup>	-30.47%
Registration activity fee ( <i>currently enforcement order fee</i> ) without post-registration activities by TCO	\$36.76	\$32.72 <sup>67</sup>	-10.99%
Registration activity fee ( <i>currently enforcement order fee</i> ) with all post-registration activities	\$36.76	\$54.16	+47.33%
Combined administrative and warrant enforcement fee ( <i>currently lodgement fee</i> ) without enforcement review	\$70.38	\$51.48 <sup>68</sup>	-26.85%
Combined administrative and warrant enforcement fee ( <i>currently lodgement fee</i> ) without payment arrangement	\$70.38	\$73.01 <sup>69</sup>	+3.74%
Combined administrative and warrant enforcement fee ( <i>currently lodgement fee</i> ) without WDP application	\$70.38	\$72.90 <sup>70</sup>	+3.58%
Combined administrative and warrant enforcement fee ( <i>currently lodgement fee</i> ) without	\$70.38	\$65.23 <sup>71</sup>	-7.32%

<sup>64</sup> Calculated as \$24.69 less \$6.23.

<sup>65</sup> Calculated as \$24.69 less \$8.01.

<sup>66</sup> Calculated as \$54.16 less \$28.60.

<sup>67</sup> Calculated as \$54.16 less \$21.44.

<sup>68</sup> Calculated as \$74.02 less \$22.54.

<sup>69</sup> Calculated as \$74.02 less \$1.011.

<sup>70</sup> Calculated as \$74.02 less \$1.12.

<sup>71</sup> Calculated as \$74.02 less \$8.79.

Description of fee	Current projected fee/matter	Option 1: ABC estimate less cost of relevant activity excluded/matter	% Increase(+)/decrease(-) of Option A from current projected fee/matter
sanction			
Combined administrative and warrant enforcement fee ( <i>currently lodgement fee</i> ) without cost of arrest	\$70.38	\$40.78 <sup>72</sup>	-42.06%
Combined administrative and warrant enforcement fee ( <i>currently lodgement fee</i> ) with all costs included as relevant for enforcement review, payment arrangement, WDP application, sanction and arrest	\$70.38	\$74.02	+5.17%
Enforcement warrant fee ( <i>currently infringement warrant issue fee</i> )	\$62.22	\$55.99	-10.01%

Whilst the distribution of unique outputs relating to each of the stratified fees presented in table 21 among offenders is unknown, (for example, you might have various combinations of different activities applying to different offenders), the cost of each activity would still be fully recovered under this Option. Under Option A, estimated 2017-18 costs of \$318.71 million (see table 16) would be recovered by (albeit in a more nuanced way):

- charging offenders 100% of PRN processing cost
- charging offenders 100% of registration activity processing cost
- charging offenders 100% of administrative enforcement processing cost
- charging offenders 100% of warrant enforcement processing cost, and
- charging offenders 100% of enforcement warrant issue processing cost.

There would be no cross-subsidisation of costs by the general tax paying public. Given that the financial cost of fee related activities for IMES for 2015-16 was \$334,283,677 (see Table A6.1 of Appendix 6 in this RIS) there would be an estimated \$14.49 million<sup>73</sup> shortfall or deficit to be funded by the general taxpaying public. In setting the stratified fees according to an activity based costing method, it is presumed that the cost of the activities actually undertaken are fully recovered in a given year. However, due to the discrepancy in timing between financial year and enforcement processes and given that not all costs ‘in a dynamic sense’ are recovered and that these become bad and doubtful debts, any remaining shortfall would be recovered through consolidated revenue. The annual operating deficit under Option A would be less than \$53.95 million deficit as discussed under the problem statement in section 2.2.1.2 of this RIS. This would mean less cross-subsidisation of fee-related activities by the general tax paying community.

However, Option A (stratified fees) would be too administratively complex and therefore inefficient to charge detailed individually tailored invoices which specify different fees for variations of individual activities. In most cases, it would be Fines Victoria to decide which sanctions to impose on people. To bill for specific sanctions that are imposed at the whim of the State to try to get a resolution - would be inherently inequitable because it would mean that some people would pay higher fees for enforcement than others depending on the enforcement sanction the Director, Fines

<sup>72</sup> Calculated as \$74.02 less \$33.24.

<sup>73</sup> This includes additional revenue of around \$1m to be recovered through civil warrant fees (see Table 22 in this RIS).

Victoria chose, even though a less costly sanction may have been equally effective (for example, the Director may have imposed a land charge, but it may have been less costly to do an AOD).

Further, it means billing each offender separately with invoices going out at separate times depending on the sanctions used, which would be extremely difficult. There is no ongoing relationship with offenders (as compared to utility customers) and therefore, no monthly bill to make adjustments and add costs in as they get incurred. In addition, unlike utility services where it is the customer that decides which services they are going to use, with enforcement it is the State that chooses what activities it will employ to recover fines, so varying charges on that basis may be unfair to some offenders. Also, if a company, for example, has an unpaid bill and seeks recovery through Dun and Bradstreet to recover debt, it would be unlikely that Dun and Bradstreet would charge individually for every individual task (phone call, reminders etc.) that they perform on behalf of the client but, more relevantly, they would never charge the debtor individualised amounts for those debt recovery measures.

In addition to the process inefficiencies, Option A would require considerable ICT investment to operationalise an option with stratified fees. The estimated *adjustment cost* involved with the stratification of fees *remains unknown*. However, such an adjustment cost is likely to be very high as all administrative processes would have to be changed and altered throughout the enforcement process at all stages, affecting all enforcement and State Government agencies. Moreover, there would be some minor costs in modifying electronic/hardcopy forms by enforcement agencies. There may also need to be changes to legislation, and in particular the Fines Reform Act to support the recovery of multiple fees in the manner proposed.

Hence under Option A there would be very little if any cross-subsidisation but with considerable administrative, legislative and ICT investment costs incurred. The key question is whether the *improvement that is achieved* in eliminating cross subsidisation is worth the additional administrative, legal and investment costs required to achieve this? To answer this, it is important to recognise that there are two conceptual approaches to recognising improvement – a ‘value’ approach and ‘change in behaviour’ approach. Measuring the improvement brought about by reducing cross-subsidisation in terms of the volume of offenders and value of relevant flows is not possible because, for example, of the estimated 1,082,578 matters being enforced it is unknown what proportion will involve different combinations of enforcement review, payment arrangements, WDP applications, enforcement sanctions and arrest. Another way in which we can think about measuring *improvement* in relation to reducing cross-subsidisation is to determine whether the cross subsidy was significant enough to have an effect on offender behaviour. However, in looking at the variations within each stage and the different pathways an enforcement process might take, it is not clear that matter by matter that each cross subsidisation is large (see table 21). Hence it is likely to be the case that the impact of reducing cross-subsidisation through stratified fees ‘in its entirety’ and not just on a case by case basis – may not justify the substantive incremental costs of operationalising such a fee structure.

#### 4.2.2 Fee Option B (partial cost recovery PRN fee based on status quo of payment flows and existing regulations)

Option B reflects a status quo fee payment flow with the State charging offenders and councils for warrant enforcement activities at the registration stage (through the fee for warrant enforcement) – and councils paying their own criminal court filing fee.

Option B represents the recovery of partial costs associated with PRNs and the full recovery of costs of registration activity, administrative and warrant enforcement, enforcement warrant issue activities as shown in Table 22. Under the proposal in this RIS, remaking the lodgement and enforcement order and infringement warrant issue fees would not be possible as they are to be replaced by a new set of fees under the Fines Reform Regulations 2017.

Option B considers continuing to set the PRN based on its projected cost trajectory for 2017-18 (i.e. \$23.17<sup>74</sup>) rather than amending it. Option B would recover 99.01% of the estimated 2017-18 costs of \$315.85 million by:

- charging offenders 93.84% of PRN processing cost
- charging offenders 100% of registration processing cost
- charging offenders 100% of administrative enforcement processing cost
- charging offenders 100% of warrant enforcement processing cost, and
- charging offenders 100% of enforcement warrant issue processing cost.

**Table 22: Summary of partial and full cost recovery fees under Option B and annual revenue<sup>75</sup>**

Type of output	Total estimated cost of activities 2017-18	Outputs (5-year average)	2017-18 fees	Estimated revenue Option B fees	% of costs recovered
PRNs ( <i>partial cost recovery</i> )	\$46,453,043	1,881,236	\$23.17	\$43,593,486	93.84%
Registration activity	\$95,712,170	1,767,052	\$54.16	\$95,712,170	100.00%
Administrative enforcement	\$30,050,184	1,082,578	\$27.76	\$30,050,184	100.00%
Warrant enforcement	\$50,085,739	1,082,578	\$46.27	\$50,085,739	100.00%
Enforcement warrant issue	\$96,404,600	1,721,972	\$55.99	\$96,404,600	100.00%
<b>Total</b>	<b>\$318,705,737</b>			<b>\$315,846,179</b>	<b>99.10%</b>

Under Option B there would be a proportion of approximately eight percent of offenders who reach stage 2 (registration stage) and pay their debt immediately upon receipt Notice of Final Demand which would include both the administrative enforcement fee and warrant enforcement fee. This means the combined fee they would be charged partly covers (i.e. cross-subsidises) the costs of enforcing the debts of those individuals who do not pay during this stage, as well as, those who proceed to stage 3 – the warrant stage.

There would be some cross-subsidisation of costs by the general tax paying public under Option B to the extent that PRN costs are not fully recovered by the PRN fee proposed under this option. The extent of cross-subsidisation of offenders by taxpayers would be \$2.6 million per annum.

Given that the financial cost of fee related activities for IMES for 2015-16 was \$334.28 million (see Table A6.1 of Appendix 6 in this RIS) there would be an estimated \$17.35 million shortfall or deficit to be funded by the general taxpaying public, as shown in Table 23. As not all costs ‘in a dynamic sense’ are recovered and become bad and doubtful debts – any remaining shortfall would be recovered through consolidated revenue. However, the annual operating deficit under Option B

<sup>74</sup> See PRN fees in Table 21 of this RIS.

<sup>75</sup> See Table A2.2 of Appendix 2 for source of estimates.

would be less than the \$53.95 million deficit as discussed under the problem statement in section 2.2.1.2 of this RIS. This would mean less cross-subsidisation of fee-related activities by the general tax paying community than under the base case.

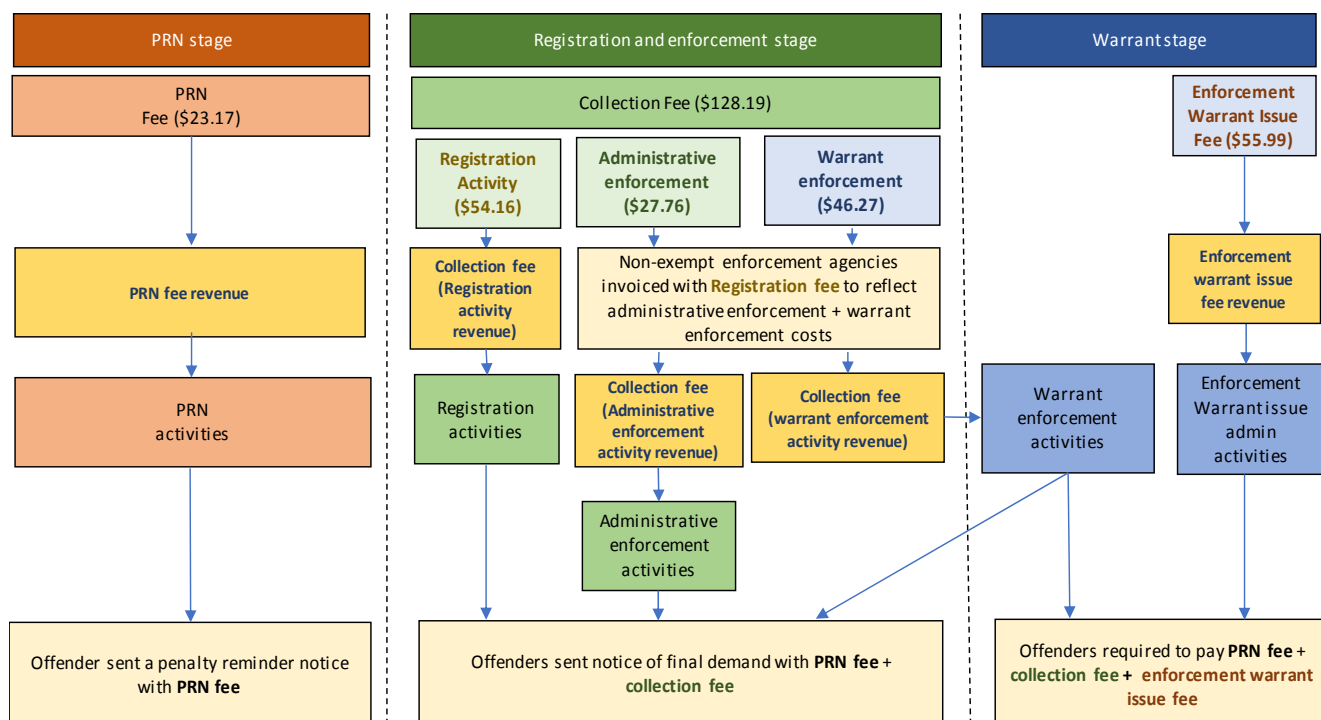
**Table 23: Projected annual shortfall – proposed fees Option B**

Revenue category	Average Volume	Proposed fees revenue
PRN	1,881,236	\$43,593,486
Registration activity	1,767,052	\$95,712,170
Administrative enforcement	1,082,578	\$30,050,184
Warrant enforcement	1,082,578	\$50,085,739
Enforcement warrant issue	1,721,972	\$96,404,600
Civil Warrant	-	\$1,086,596
<b>Total annual revenue</b>		<b>\$316,932,775</b>
Actual costs (fees related activity) 2015-16		\$334,283,677
<b>Shortfall = revenue less actual costs</b>		<b>\$17,350,902</b>

There would not be any transaction costs required in the form of any additional ICT investment to operationalise these fees under Option B. However, there may be some minor adjustments costs associated with modifying electronic/hardcopy forms to reflect the new fees by enforcement agencies. Moreover, from 2018-19 fee units would be adjusted following the Treasurer’s determination of that amount under the *Monetary Units Act 2004*.

Under Option B, the offender is simultaneously charged the combined registration activity fee, administrative enforcement fee and warrant enforcement fee upon receipt of the notice of final demand and the council is reimbursed by the State for all three fees once payment is received from the offender. The combined fee payable by the offender would be called the “collection fee”. Councils would only pay a combined fee for administrative and warrant enforcement to the State upfront, and this fee would be termed the “registration fee” to reflect the fact that it is payable by councils upon registration with Fines Victoria. Payment flows under Option B are shown in Chart 8.

**Chart 8: Option B – Payment flows**



#### 4.2.3 Fee Option C (the proposed fees structure – full cost recovery fees based on status quo of payment flows)

Option C reflects a status quo fee payment flow with the State charging offenders and councils for warrant enforcement activities at the registration stage (through the warrant enforcement fee) – and councils paying their own criminal court filing fee. Option C represents the recovery of all costs associated with PRNs, registration, enforcement, warrant enforcement and warrant issue, as shown in Table 24. Under this option estimated 2017-18 costs of \$318.71 million would be recovered by:

- charging offenders 100% of PRN processing cost
- charging offenders 100% of registration activity processing cost
- charging offenders 100% of administrative enforcement processing cost
- charging offenders 100% of warrant enforcement processing cost, and
- charging offenders 100% of enforcement warrant issue processing cost.

**Table 24: Summary of full cost recovery proposed fees under Options C, D and E and annual revenue<sup>76</sup>**

Type of output	Total estimated cost of activities 2017-18	Outputs (5-year average)	2017-18 fees	Estimated revenue based on proposed fees	% of costs recovered
PRNs	\$46,453,043	1,881,236	\$24.69	\$46,453,043	100.00%
Registration activity	\$95,712,170	1,767,052	\$54.16	\$95,712,170	100.00%
Administrative enforcement	\$30,050,184	1,082,578	\$27.76	\$30,050,184	100.00%
Warrant enforcement	\$50,085,739	1,082,578	\$46.27	\$50,085,739	100.00%
Enforcement warrant issue	\$96,404,600	1,721,972	\$55.99	\$96,404,600	100.00%
<b>Total</b>	<b>\$318,705,737</b>			<b>\$318,705,737</b>	<b>100.00%</b>

Under Option C there would be a proportion of approximately eight percent of offenders who reach stage 2 (registration stage) and pay their debt immediately who cross-subsidises the costs of warrant enforcement for those individuals (approximately 92 %) who proceed to stage 3 – the warrant stage. There would be no cross-subsidisation of costs by the general tax paying public under Option B.

As shown in Table 25, there would be an estimated \$14.49 million shortfall or deficit to be funded by the general taxpaying public and less than the \$53.95 million deficit as discussed under the problem statement in section 2.2.1.2 of this RIS. This would mean less cross-subsidisation of fee-related activities by the general tax paying community.

**Table 25: Projected annual shortfall – proposed fee Options C, D and E**

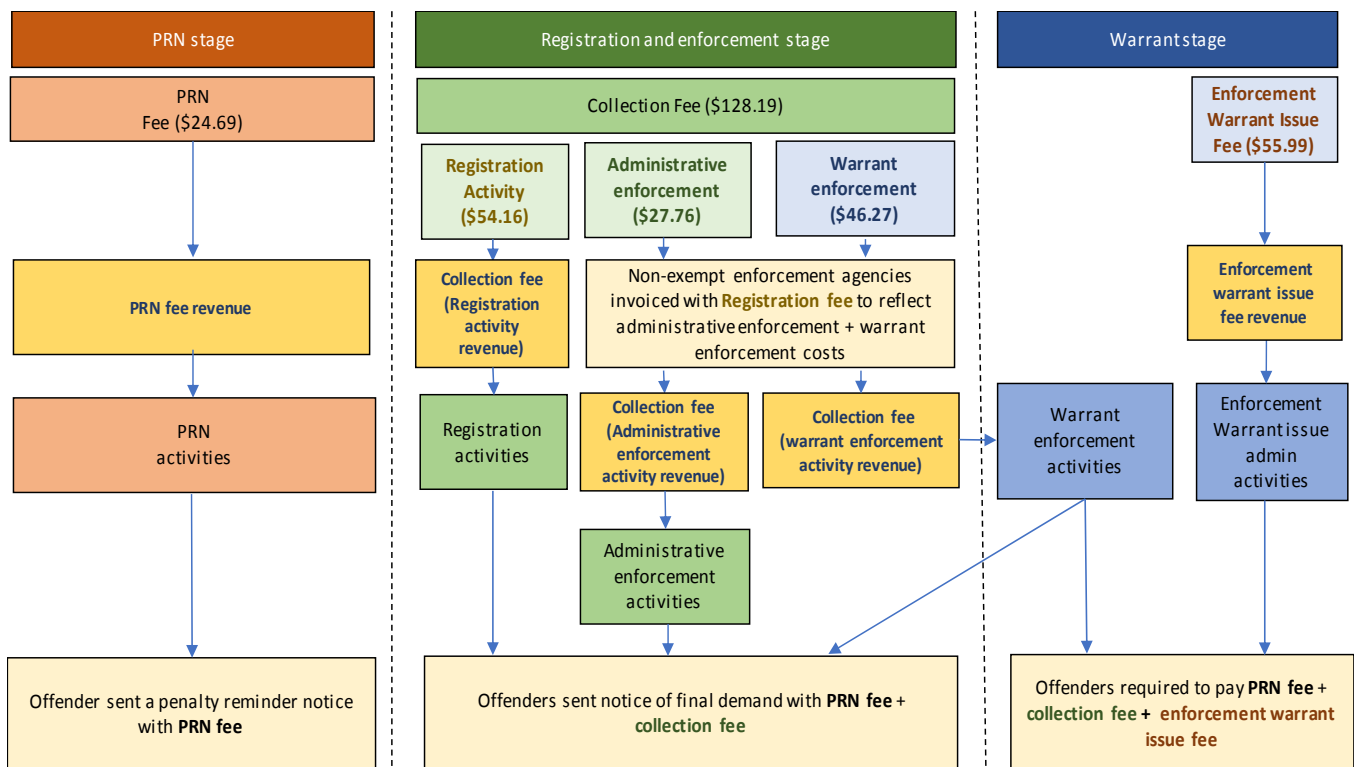
Revenue category	Average Volume	Proposed fees revenue
PRN fee	1,881,236	\$46,453,043
Registration activity fee	1,767,052	\$95,712,170
Enforcement fee	1,082,578	\$30,050,184
Warrant enforcement fee	1,082,578	\$50,085,739
Warrant fee	1,721,972	\$96,404,600
Civil Warrant	-	\$1,086,596
<b>Total annual revenue</b>		<b>\$319,792,333</b>
Actual costs (fees related activity) 2015-16		\$334,283,677
<b>Shortfall = revenue less actual costs</b>		<b>\$14,491,344</b>

<sup>76</sup> See Table A2.3 of Appendix 2 for source of estimates.

As with Option B, and apart from minor adjustment costs of forms for agencies – Option C would not require any additional ICT investment to operationalise these fees.

Under Option C, the offender is simultaneously charged the combined registration activity fee, enforcement fee and warrant activity fee upon receipt of the notice of final demand and the council is reimbursed by the State for all three fees once payment is received from the offender. The combined fee payable by the offender would be called the “collection fee”. Councils would only pay upfront the enforcement and warrant enforcement components of the collection fee to the State, and this fee would be termed the “registration fee” to reflect the fact that it is payable by councils upon registration with Fines Victoria. Payment flows under Option C are shown in Chart 9.

**Chart 9: Option C – Payment flows**





#### 4.2.4 Fee Option D (full cost recovery fees with both Councils and offenders charged for warrant enforcement activities during the warrant stage)

Option D involves the State charging Councils for all enforcement activities undertaken at the registration stage (through the enforcement fee) and charging offenders a registration fee and administrative enforcement fee *only* for administrative enforcement activities at the registration stage. Option D would also involve charging offenders and Councils for warrant enforcement activities at the warrant stage (through the warrant enforcement fee) – and councils paying their own criminal court filing fee.

As with Option C, Option D represents the recovery of all costs associated with PRNs, registration, administrative enforcement, warrant enforcement and enforcement warrant issue, as shown in Table 21. Under this option estimated 2017-18 costs of \$318.71 million would be recovered by:

- charging offenders 100% of PRN processing cost
- charging offenders 100% of registration activity processing cost
- charging offenders 100% of administrative enforcement processing cost
- charging offenders 100% of warrant enforcement processing cost, and
- charging offenders 100% of enforcement warrant issue processing cost.

As with Option C, there would be an estimated \$14.49 million shortfall or deficit under Option D to be funded by the general taxpaying public, as shown in table 25 and less than \$53.95 million under the base case, meaning less cross-subsidisation of fee-related activities by the general tax paying community.

Option D seeks to eliminate the issue of cross-subsidisation of offenders at the warrant stage by a proportion (roughly 8%) of offenders at the registration stage. Currently, the cost of warrant enforcement activities by the Sheriff's Office are estimated to be \$46.27 per matter, including the cost of sanctions<sup>77</sup>, seizure and removal of assets, sale of assets, third party claims, and arrest, which would be recovered at warrant stage under Option D. Option D would involve charging Councils an administrative enforcement fee (to be recovered from the offender) at the registration stage and a further warrant enforcement fee (to be recovered from the offender) at the warrant issue stage as illustrated in Chart 10.

However, based on discussions with DJR there is currently no IT or administrative facility to charge Councils for warrant enforcement (as opposed to enforcement warrant issue) at the warrant stage. This option is feasible but will have a high cost of implementation with substantial adjustment costs to both Fines Victoria, as well as, Councils in needing to reconfigure data systems at their end. The amount of cost for adjustment is unknown but likely to be much higher than under Options B and C and at least as high as Option A. This does not include the minor cost of modifying electronic/hardcopy forms by enforcement agencies which would still occur under Option D. Hence, in terms of the technical aspects of change under Option D, putting in a separate warrant enforcement fee involves adding a fee to the progression path in the system for enforcing infringements which is not costless and would take an investment of time and funding to do. However, the investment required currently remains unknown.

Moreover, while there is a good reason in principle to separate out the warrant enforcement fee under Option D, it is important to recognise that the system under Fines Reform will be a new one.

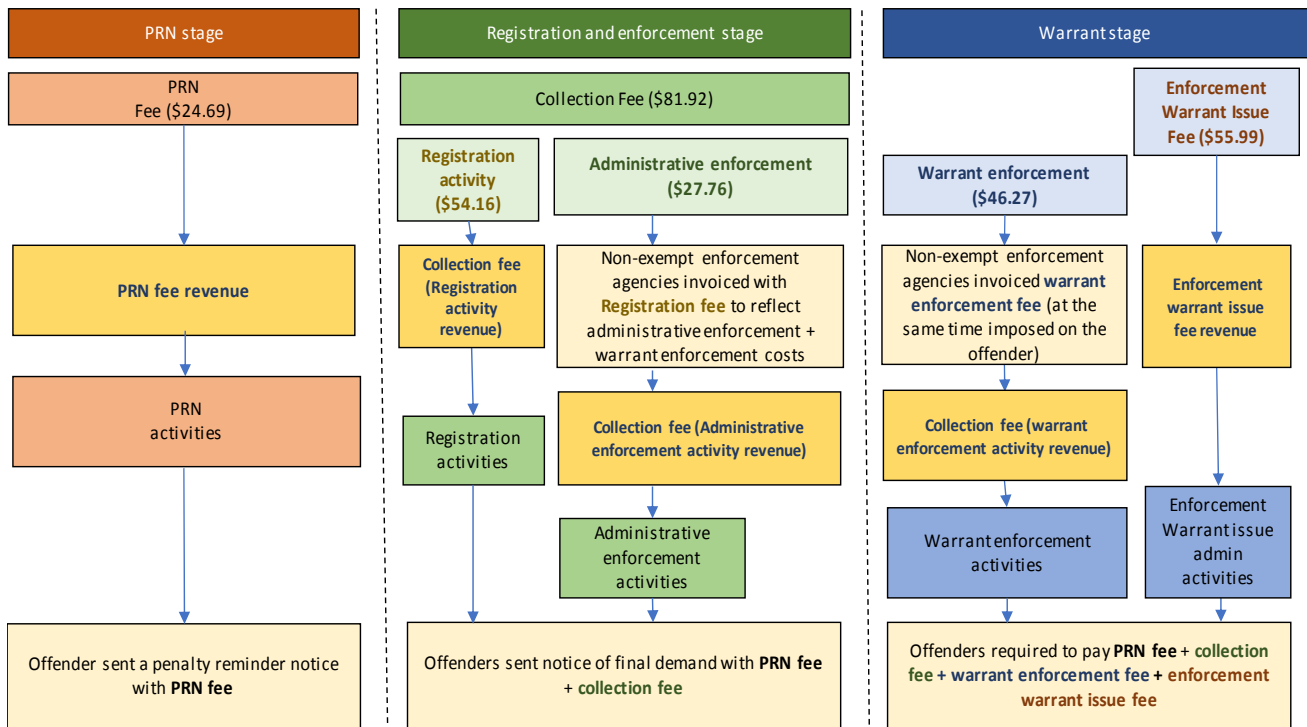
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<sup>77</sup> See Table of this RIS.

Hence, there is a *risk* that the proposed fee structure under Option D, may not be accurately representative in terms of what the system might look like in future – despite best efforts around activity based costing. Uncertainty about what the right fee is under Option D therefore becomes a significant issue and adds to the risk of implementing a viable court and infringement fines enforcement system.

Payment flows under Option D are shown in Chart 10.

**Chart 10: Option D – Payment flows**



#### 4.2.5 Fee Option E (full cost recovery fees with *only* offenders charged for warrant enforcement activities during the warrant stage)

Option E involves the State charging councils for all enforcement and warrant enforcement activities undertaken at the registration stage (through an administrative enforcement fee and a warrant enforcement fee) and charging offenders a registration fee and an administrative enforcement fee *only* at the registration stage and a warrant enforcement fee at the warrant stage – and councils paying their own criminal court filing fee.

As with Options C and D, Option E represents the recovery of all costs associated with PRNs, registration, enforcement, warrant enforcement and warrant issue, as shown in Table 24. Under this option estimated 2017-18 costs of \$318.71 million would be recovered by:

- charging offenders 100% of PRN processing cost
- charging offenders 100% of registration activity processing cost
- charging offenders 100% of administrative enforcement processing cost
- charging offenders 100% of warrant enforcement processing cost, and
- charging offenders 100% of warrant issue processing costs.

As with Options C and D, under Option E there would be an estimated \$14.49 million shortfall or deficit and less than \$53.95 million under the base case. This would mean less cross-subsidisation of fee-related activities by the general tax paying community.

Option E seeks to eliminate the issue of cross-subsidisation of offenders at the warrant stage by a proportion (roughly 8%) of offenders at the registration stage. The offender is simultaneously charged the combined registration fee and enforcement fee upon receipt of the notice of final demand where they pay at the registration stage (estimated to be 8% of registered matters). Under Option E, offenders (about 92%) would only pay the warrant enforcement fee if they allowed their matters to get to the warrant stage and around 8% would no longer pay this fee. However, councils would pay the upfront enforcement fee and warrant enforcement fee to the State at the registration stage. The Council is reimbursed by the State for all three fees once payment is received from the offender regardless of whether the offender pays at registration stage or warrant stage.

Importantly, apart from some minor adjustments costs associated with modifying electronic/hardcopy forms to reflect the new fees by enforcement agencies, Option E would require significant additional ICT investment to operationalise these fees and payment flows. Option E, as with Option D, would involve adding a new fee to the progression path in the system for enforcing infringement and court fines which is not costless and would take a considerable yet currently unknown investment. Secondly, Option E would mean designing a completely new system for dispersing funds back to councils which is different to the specified approach which at the moment takes the fees paid by defendants and transfers them directly to councils for those particular matters. If, as under Option E, the fees have to be paid to councils out of consolidated revenue instead because the defendant didn't pay that amount, it would create a parallel process which requires a totally new design for those payments – where there is not even a reporting ability to do it manually as a 'workaround' and needs to be hardwired into the system. This would add additional administrative costs to the system.

There are also risks around Option E in terms of the proposed structure being accurate. There is a good principle reason to separate the fee for warrant enforcement out. However, given that the system under Fines Reform will be new, there is a risk that the proposed fee structure under Option E, may not be accurately representative in terms of what the system might look like in future –

despite best efforts around activity based costing. Uncertainty about what the right fee is under Option E therefore becomes a significant issue, as with Option D.

Payment flows under Option E, are illustrated in Chart 11.

**Chart 11: Option E – Payment flows**

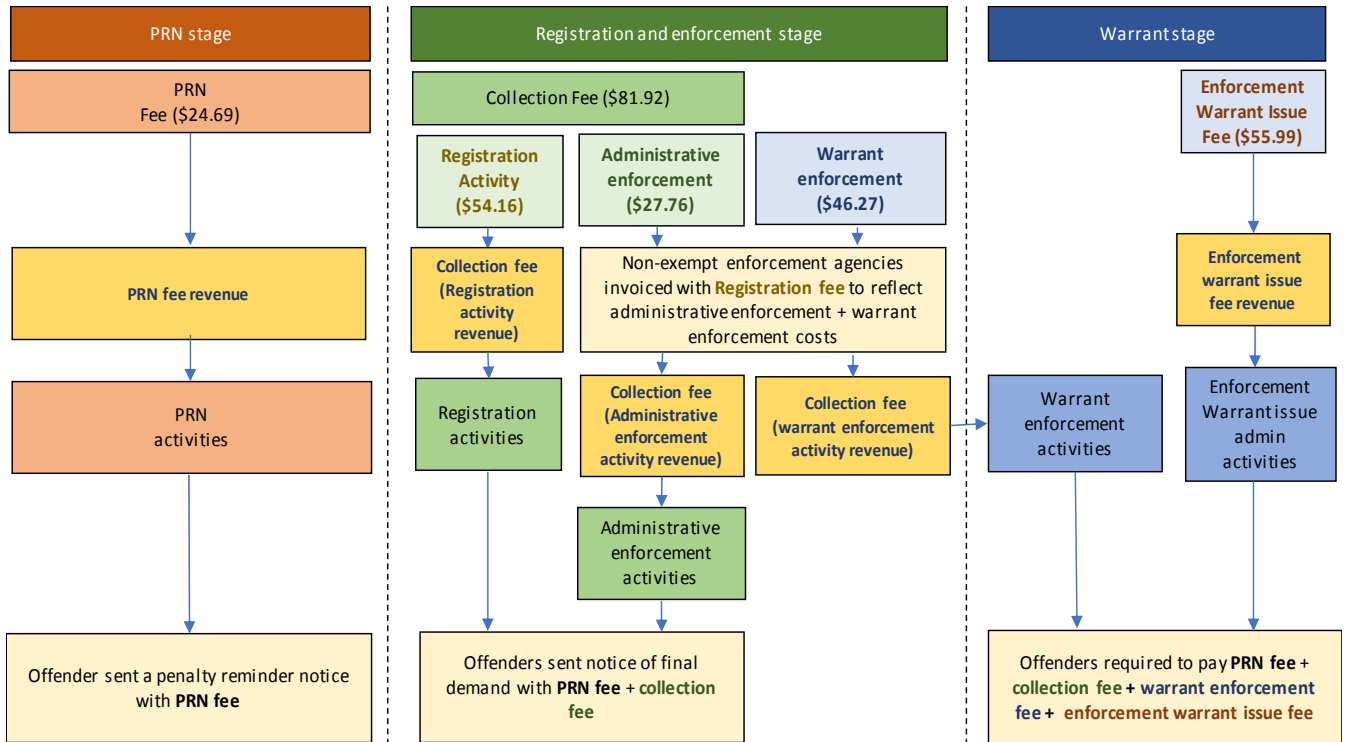


Table 28 provides a summary comparison and contrast of Options A to E.

**Table 28: Summary comparison and contrast of the feasible options A to E**

Option	Fee revenue (\$m)	% of cost recovery	Nature of specific subsidisation	Shortfall <sup>78</sup> (\$m)	Nature of adjustment cost
<b>Option A:</b> stratified full cost recovery fees	\$318.71	100%	None	\$14.49	<b>Very high:</b> ICT investment + modifying electronic/hardcopy forms by enforcement agencies.
<b>Option B:</b> Partial cost recovery PRN fee based on status quo of payment flows	\$315.85	99.1%	8% of offenders subsidising 92% of offenders for warrant enforcement activities at warrant stage (subsidy = \$46.27/matter)	\$17.35	<b>Low:</b> modifying electronic/hardcopy forms by enforcement agencies.
<b>Option C:</b> Full cost recovery fees based on status quo of payment flows	\$318.71	100%	8% of offenders subsidising 92% of offenders for warrant enforcement activities at warrant stage (subsidy = \$46.27/matter)	\$14.49	<b>Low:</b> modifying electronic/hardcopy forms by enforcement agencies.
<b>Option D:</b> full cost recovery fees with Councils + offenders charged warrant enforcement fee during the warrant stage	\$318.71	100%	None	\$14.49	<b>Very high:</b> ICT investment to reconfigure data systems for agencies and Fines Victoria + modifying electronic/hardcopy forms by enforcement agencies + risk of warrant enforcement fee being inaccurate
<b>Option E:</b> full cost recovery fees with only offenders charged warrant enforcement fees during the warrant stage (the proposed fees option)	\$318.71	100%	None	\$14.49	<b>Very high:</b> ICT investment to reconfigure data systems for agencies and Fines Victoria + modifying electronic/hardcopy forms by enforcement agencies + risk of warrant enforcement fee being inaccurate

<sup>78</sup> In relation to \$334.28 million of actual costs (fees related activity) 2015-16.

## Section 5 Assessment of costs and benefits

The costs and benefits of the proposed fee options are considered relative to the ‘base case’ of no regulations and the continued operation of other related legislation, as identified in section 2.1 of this RIS. As discussed in section 4 of this RIS, non-fee options have not been considered for analysis given that no significant changes to non-fee regulations are identifiable nor warrant a full analysis. Qualitative criteria for fees regulations are applied to a Multi-Criteria Analysis (MCA). The evaluation is made with respect to the achievement of the policy objectives identified in section 3 of this RIS. With respect to fee options the objective is:

*To recover from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the Infringements Act (as amended by the Fines Reform Act) and the Fines Reform Act.*

### 5.2 Assessment of fee options

This section undertakes an assessment of the costs and benefits of the proposed and alternative fee options by discussing each option in terms of its expected incidence and distribution of costs and benefits, relative to the ‘base case’ (defined in section 2.1 of the RIS). A comparison of fees amongst each of the fee Options A to E is provided in this section. The evaluation of the relative benefits and costs each option has been conducted in relation to how well the policy objectives identified in section 3 of this RIS are likely to be achieved and how well the option adheres to the principles of the Guidelines. The following criteria and weightings in table 29 have been used to assess the ability of options to meet the policy objective and are applied to the MCA.

**Table 29: Criteria used by MCA for Options A to E**

<b>Criterion</b>	<b>Description</b>	<b>Weighting</b>
<b>Efficiency</b>	Price of the enforcement services reflects the true value of the activities in terms of the costs of providing services and the benefits provided. Options with more efficient prices (compared to the base case) receive a higher score.	<b>33.3%</b>
<b>Equity</b>	Measures the scale and nature of any cross-subsidisation from one group to another. Options with smaller or more equitable cross-subsidies between groups (compared to the base case) receive a higher score.	<b>33.3%</b>
<b>Effectiveness</b>	Fees are not costly to implement. Options that result in higher adjustment costs and risks around implementation receive a lower score.	<b>33.3%</b>

Each option is scored against each of the aforementioned criteria on a scale of -10 to +10 with the base case reflecting a score of ‘0’ as it reflects the situation that will occur in the absence of the proposed regulations (see section 2.1 of this RIS). Each option is scored relative to the base case score of ‘0’.

### 5.2.1 Efficiency criterion – analysis of fee options

The efficiency criterion in relation to the setting of fees reflects the full cost of production and setting fees on this basis ensures that the right signals are being sent (i.e. the price being paid reflects the full cost of provision). A departure from the full cost principle cannot be justified given that it is a failure to pay infringement fines that gives rise to enforcement activity costs.

The base case does not provide any price signals to offenders regarding failing to pay their fines in relation to registration, administrative enforcement, warrant enforcement and warrant issue activities, and is therefore awarded a score of +0.

**Options A, C, D, and E** presented in this RIS represent full cost recovery (recovery of 100% of cost) and are therefore awarded a score of **+10**. That is to say, the full cost recovery price is deemed to represent an efficient price, as only those who give rise for regulatory activities pay for those activities. Hence full cost recovery prices under each of these options state the true value of enforcement process activities to society and a favourable option in relation to efficiency as compared to the base case.

**Option B** recovers 93.84% of PRN activities and in this case a less than efficient price is realised and therefore incorrect price signals are provided with respect to enforcement process activities. Option D recovers 99.1% of cost (i.e. \$315.85). Option B is therefore both awarded a score of **+9**.

### 5.2.2 Equity criteria – analysis of fee options

The discussion of equity in this RIS deals with the consideration of cross subsidisation, both in terms of society in general or smaller groups in society. However, given that the value or significance of cross-subsidisation remains unknown and in the absence of any better information/approaches – options are penalised according to the *number of different types* of cross-subsidisation being incurred. Under the base case the general taxpaying community of around 4 million Victorians would pay for fines enforcement processes to an amount of around \$318.71 million per annum, or in other words around \$79.68 per person. The base case is awarded a score of +0.

#### 5.2.2.1 Equity with respect to society in general

In terms of general appropriation, **Options A, C, D and E** involve recovering full costs of providing services are favourable in terms of equity as they eliminate cross-subsidisation of offenders by taxpayers. With respect to the proportionality of the cost of around \$318.71 million per annum, Options A, C, D and E are awarded a score of +10.

**Option B** which raises around \$17.35 million from taxpayers (as opposed to \$14.49 million under Options A, C, D and E) and \$315.85 million from offenders, is an improvement on equity grounds in terms of general appropriation, as compared to the base case – as offenders would pay for activities associated with fines enforcement. However, as the amount recovered through fees is 99% of the cost of the activities (less than 100%), Option B is awarded a score of +9 for equity in terms of general appropriation.

#### 5.2.2.2 Equity with respect to smaller groups in society

**Option A**, stratified fees, is likely to result in the least amount of internal cross subsidisation of offenders by other offenders and therefore the equity score for this option remains unadjusted (in a proportionality sense) from **+10**.

**Options D and E** which only require offenders to pay for activities as they occur (particularly with respect to warrant enforcement activities) eliminates cross subsidisation across the different stages the enforcement process. However, these options do not stratify fees ‘within’ a stage of the enforcement process and to that extent there would be some degree of cross-subsidisation. For example, at the PRN stage, anyone paying a PRN fee would need to pay the whole proposed amount of \$24.69 regardless of whether or not they wish to nominate a driver are apply for an internal review. In this way, the equity scores for Options D and E are adjusted by -1 (a negative score for this cross-subsidisation issue involving smaller groups in society). In terms of net equity (i.e. the positive score in terms of general appropriation less the negative score in terms of cross-subsidisation by smaller groups) – Options D and E are consequently awarded a score of **+9**.

As with Options D and E, **Options B and C** are also likely to result in the same degree of cross-subsidisation ‘within’ a stage of the fines enforcement process, given that these options do not involve stratified fees ‘within’ a stage of enforcement. However, Options B and C, are both worse than the base case in relation to requiring a smaller proportion of offenders at the registration stage to subsidise Sheriff’s Office warrant enforcement costs (estimated to be around \$46.27 per matter) where matters do not progress to the warrant stage (approximately eight percent of registered matters do not proceed to warrant stage, which means the balance i.e. 92% of offenders with registered matters are being cross-subsidised by approximately \$4 per matter, creating a total cross-subsidy of \$6.6 million a year or \$53.5 million over ten years in present value dollars). Options B and C, are therefore deemed to be inequitable as compared to the base case in this respect. For these reasons, the equity score for Options B and C are adjusted by -2 (a negative score for each cross-subsidisation issue involving smaller groups in society). In terms of net equity, (i.e. the positive score in terms of general appropriation less the negative score in terms of cross-subsidisation by smaller groups) – Option B is awarded a score of **+7** and Option C is awarded a score of **+8**.

### 5.2.3 Effectiveness criteria – analysis of fee options

All Options A to E would require some minor adjustment costs for DJR and exempt and councils in needing to modify electronic/hardcopy forms as compared to the base case. With respect to these minor adjustment costs, all options are awarded an initial score of -1.

However, in addition to minor adjustment costs, **Option A** would require *substantial ICT investment* to accommodate a stratified fee structure within each stage of the fines enforcement system as compared to the base case. Although the cost of this investment remains unknown it is noted that a very expensive ICT system would have to be built from scratch to accommodate stratified fee – the cost of which is *assumed to be least four times* greater than minor adjustment costs in terms of modifying electronic/hardcopy forms (which are given a score of -1). Therefore, the effectiveness score for Option A is adjusted by -3<sup>79</sup> bringing the total score of Option A to **-4**.

The implementation of fees under **Options B and C** require no more investment and minimal complexity would result from changing the relevant number of fee units in the regulations and incorporating warrant enforcement fees<sup>80</sup> and therefore there would only be minor adjustment costs in terms of modifying electronic/hardcopy forms under these options. Therefore, the total score for effectiveness for these option is left unadjusted at **-1**.

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<sup>79</sup> This high adjustment reflects that a very expensive ICT system would have to be built from scratch to accommodate stratified fees which would be at least 4 times greater than minor adjustment costs in terms of modifying electronic/hardcopy forms (which are given a score of -1).

<sup>80</sup> This has already been accommodated under the new VIEWs system under Fines Reform.



**Options D** requires a change to the payments and reimbursement system for councils to be able to charge for warrant enforcement activities at the warrant stage – would require a reconfiguration of data systems for agencies and Fines Victoria at a substantial cost, as compared to the base case. This would be in addition to the minor adjustment costs in terms of modifying electronic/hardcopy forms under this option. Option E also would mean designing a completely new system for dispersing funds back to councils which is different to that which at the moment takes the fees paid by defendants and transfers them directly to councils (i.e. payments to councils would have to be redirected through consolidated funds). Moreover, a five-fee structure under Options D and E also introduce risks around successful implementation of Fines Reform due to the potential inaccuracy of the estimated fee for warrant enforcement (despite best efforts to capture the fee through activity based costing). More importantly, the implementation of a five fee structure in the short term would be problematic for both cost and operational reasons. This is not just a matter of systems upgrade costs. Rather, the consideration of such an upgrade is part of an ongoing and complex program of delivering reform effectively and in planned stages. This why this RIS proposes an interim review of the recommended fees in the evaluation section (section 10). Therefore, the effectiveness score for Options D and E is adjusted by -4 bringing the total score of Option D to **-5**.

A summary of the analysis of fee options A to E according to the above criteria is provided in table 30.

**Table 30: Summary and comparison of options A to E against criteria of efficiency, equity and effectiveness**

Base Case/ Fee Option	Enforcement Costs covered by	Efficiency (Offenders)	Equity (Cross subsidisation)	Effectiveness (Adjustment costs/risks)
<b>Base Case</b>	General revenue	Underpriced – over-utilised services	Cross-subsidised by taxpayers to an amount of \$318.71 million per annum	No
<b>Option A</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum	Yes (very high)
<b>Option B</b>	Fees and general revenue	Priced – understates true value of PRN activities	Cross-subsidised by taxpayers to an amount of \$17.25 million per annum  Proportion of offenders at warrant stage cross-subsidised by offenders at registration stage.	Yes
<b>Option C</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum  Proportion of offenders at warrant stage cross-subsidised by offenders at registration stage.	Yes
<b>Option D</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum	Yes (very high)
<b>Option E</b>	Fees	Priced – captures true value	Cross-subsidised by taxpayers to an amount of \$14.49 million per annum	Yes (yes very high)

The overall scores and comparison of fee options against the base case using the MCA is summarised in table 31.

**Table 31: MCA fee options**

	Efficiency	Weighting 33.3%	Equity	Weighting 33.3%	Effectiveness	Weighting 33.3%	Total weighted score
Option	Score	Weighted score	Score	Weighted score	Score	Weighted score	
Base Case	+0	<b>+0</b>	+0	<b>+0</b>	+0	<b>+0</b>	<b>+0</b>
Option A	+9	<b>+3.3</b>	+10	<b>3.3</b>	-4	<b>-1.0</b>	<b>+5.3</b>
Option B	+10	<b>+3.0</b>	+7	<b>2.3</b>	-1	<b>-0.3</b>	<b>+5.0</b>
Option C	+10	<b>+3.3</b>	+8	<b>2.7</b>	-1	<b>-0.3</b>	<b>+5.7</b>
Option D	+10	<b>+3.3</b>	+9	<b>3.0</b>	-5	<b>-1.3</b>	<b>+4.7</b>
Option E	+10	<b>+3.3</b>	+9	<b>3.0</b>	-5	<b>-1.3</b>	<b>+4.7</b>

As shown in table 31, Option C (the proposed fees option) provides the highest and weighted score of +5.7. Option A provides a weighted score of +5.3 and Option B provides weighted score of +5.0. Finally, Options D and E both provide a weighted score of +4.7. ***On this basis, Option C, the proposed fees based on the status quo fee structure, is selected as the preferred option.***

### 5.2.4 Sensitivity analysis

A sensitivity analysis for the fee options is conducted on the weightings for efficiency, equity and effectiveness to look at the impact on relative scores. The sensitivity scores are summarised in table 32.

**Table 32: Summary of sensitivity scores for Options A to E**

Option	Efficiency 20% Equity 20% Effectiveness 60%	Efficiency 25% Equity 25% Effectiveness 50%	Efficiency 30% Equity 30% Effectiveness 40%	Efficiency 40% Equity 40% Effectiveness 20%
Option A	+1.6	+3.0	+4.4	<b>+7.2</b>
Option B	+2.6	+3.5	+4.4	+6.2
Option C	<b>+3.0</b>	<b>+4.0</b>	<b>+5.0</b>	+7.0
Option D	+0.8	+2.3	+3.7	+6.6
Option E	+0.8	+2.3	+3.7	+6.6

As shown in table 32, changing the weights does not affect the ranking of Options in terms of the weighted score, *except* where the effectiveness criterion (adjustment costs) is given a weighting of only 20%. With a lower weighting for adjustment costs Option A provides a higher score than Option C. Given the substantial investment costs required in implementing stratified fees within each stage of enforcement under Option A, such a low weighting is inappropriate. With this consideration in mind, Option C still comes out as preferred.

### 5.2.7 Comparison of fees with other jurisdictions

Appendix 4 to the RIS compares the proposed fees regulations with equivalent regulations in other Australian states and territories. All Australian states have systems for the recovery of unpaid fines, and most states recover costs through the charging of fees, although in some cases these costs are not recovered.

Table 33 shows that Victoria's proposed fees for PRNs are lower than SA but slightly higher than WA. Victoria's proposed collection fee (including registration activity, enforcement, and warrant enforcement) is slightly higher than those in SA and WA, but the registration and warrant issue fees

are mostly lower than those in other states. Some states do not charge certain fees at all, but this is a failure to recover costs rather than a calculation of zero cost.

**Table 33: Interstate comparison of enforcement fees**

<b>Fee</b>	<b>VIC</b>	<b>NSW</b>	<b>QLD</b>	<b>SA</b>	<b>TAS</b>	<b>WA</b>
PRN	\$24.69	\$0	\$0	\$53	\$0	\$18.20
Collection (registration activity component)	\$54.16	\$65 or \$40	\$65.20	\$18.70	\$0	\$58
Collection (administrative enforcement and warrant enforcement component)	\$74.02	\$0	\$109.10	\$53	\$79	\$53.90
Enforcement warrant issue	\$55.99	\$0	\$0	\$273	\$157	\$181

It should be noted that the fines enforcement mechanisms, supporting administrative arrangements, and associated operating costs, vary considerably between all of the jurisdictions.

## Section 6 Impact on small business

Where the costs of compliance with regulations comprise a significant proportion of business costs, small businesses<sup>81</sup> may be affected. However, whilst it is determined that the proposed regulations will have an impact on small business this is not likely to be significant.

Whilst no information is available on the proportion of unpaid fine offenders that are small businesses, the combined fees relating to the enforcement of infringement fines under the proposed fee regulations is \$208.87. If the annual turnover of a small business were \$100,000, this combined fee would only constitute around 0.2% of turnover. The proposed fees are therefore unlikely to comprise a significant proportion of business costs. Further, such costs can be avoided by businesses complying with various regulatory obligations and moving to address infringements rapidly.

With respect to non-fee regulations, proposed regulations 14 and 15 are likely to impose major costs in providing financial information with respect to around 6,000 directions for the Director, Fines Victoria of around \$4.03 million over 10 years in PV dollars<sup>82</sup>. This will result in an incremental cost of around \$82.84<sup>83</sup> per direction and for a small business with a turnover of \$100,000 this cost would be negligible.

The proposed non-fee regulations are therefore unlikely to comprise a significant proportion of business costs. Small businesses are therefore unlikely to be disproportionately impacted by the proposed fee and non-fee regulations compared to larger businesses.

## Section 7 Competition impact

As part of the assessment in this RIS this section identifies the market/s affected by the proposed regulations, and whether the proposed regulations contain a restriction on competition.

The markets affected by the proposed regulations include those affected by offences which apply under regulatory schemes for public transport, domestic animals, environment and pollution, local law, consumer safety and industry regulation, and marine related activities as well as a raft of other activities.

Businesses commit offences in relation to these areas of regulation may be disadvantaged in relation to businesses that do not commit offences. However, the combined level of PRN fee, collection fee (registration activity, administrative enforcement and warrant enforcement) and enforcement warrant fee under the proposed regulations would only be \$208.87 as compared to the amount of \$192.53 (projected for 2017-18) – an increase of around \$16.33 per matter. Even if a business committed 100 offences per annum this would entail a cost of an additional \$1,633 per annum. Importantly, the imposition of any cost is based on the decision of the business to pay the fine or not, in the first instance, and not the regulations. The imposition of non-fee costs in terms of directions from the Director, Fines Victoria on producing financial information is around \$82.84 per direction but again is based on decision of the business to commit an offence in the first instance.

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<sup>81</sup> The Australian Bureau of Statistics (ABS) definition of a small business is one that has less than 20 full-time employees.

<sup>82</sup> See Table 17 of this RIS for source of estimates.

<sup>83</sup> Annual cost of \$497,028 divided by 6,000 directions per annum (see Table 17 for source of estimates)

For these reasons, the proposed regulations are not expected to affect the costs of a business (even small business) sufficiently to create any significant impact on competition including any barriers to entry.

## Section 8 Description of the effect of the preferred option

### 8.1 Identification of the preferred option and its effects

The preferred non-fee regulation involves introducing the Fines Reform Regulations 2017 and amending the current Infringements Regulations 2016 with the Infringements Amendment Regulations 2017.

The proposed Fines Reform Regulations 2017 prescribe the following for the purposes of the Fines Reform Act:

- (a) details that must be included in a range of documents relating to the enforcement of infringement fines and court fines under the Fines Reform Act
- (b) forms of enforcement warrant, statements of financial circumstances and other forms required to be prescribed under that Act
- (c) procedural matters relating to oral examination, attachment of earnings directions and attachment of debts directions under that Act
- (d) procedural and administrative matters relating to CWPs issued under that Act, and
- (e) other matters required or permitted to be prescribed under that Act.

The proposed Infringements Amendment Regulations 2017 prescribe the following for the purposes of the Infringements Act:

- (a) fees, costs and charges payable under the Infringements Act
- (b) details that must be included in a range of documents relating to the pre-enforcement stage of the infringement system under that Act
- (c) the information that enforcement agencies need to provide to the Attorney-General under that Act, and
- (d) other matters required to be prescribed under that Act.

The preferred fees option, Option C, involves replacing the current fees (under the Infringements Regulations 2016) with the proposed fees (a PRN fee under the Infringements Amendment Regulations 2017 and a registration fee payable by non-exempt agencies rather than offenders, collection fee for registration activity, administrative enforcement and warrant enforcement, and enforcement warrant fee for issue of a warrant under the Fines Reform Regulations 2017), as shown in table 34. There are no significant impacts on small business or competition under the preferred fee-option, as outlined in sections 6 and 7 of this RIS. The impact on current projected revenue of \$291.88 million per annum is expected to be positive with greater revenue to be generated (more costs to be recovered), as shown in table 34.

**Table 34: comparison of current fees and proposed fees (projected for 2017-18)**

<b>Activity</b>	<b>Current fees</b>	<b>Current revenue</b>	<b>Option C fees</b>	<b>Option C revenue</b>
<b>PRNs</b>	\$23.17	\$43,593,486	\$24.69	\$46,453,043
<b>Collection (registration activity component (previously enforcement orders))</b>	\$36.76	\$64,959,945	\$54.16	\$95,712,170
<b>Collection (administrative enforcement and warrant enforcement components</b>	\$70.38	\$76,188,147	\$74.02	\$80,135,923

Activity	Current fees	Current revenue	Option C fees	Option C revenue
<i>(previously lodgements)</i>				
<b>Enforcement warrant (issue)</b> <i>(previously infringement warrant issue)</i>	\$62.22	\$107,146,640	\$55.99	\$96,404,600
<b>Total revenue</b>		<b>\$291,888,217</b>		<b>\$318,705,737</b>

The percentage change in fees from current to proposed levels is illustrated in table 35.

**Table 35: Comparison of current and proposed fees for infringements enforcement**

Description of fee	Current prescribed fee per matter (2017-18)	Proposed fee per matter (2017-18)	% Increase(+)/decrease(-)
<b>PRN</b>	\$23.17	\$24.69	+6.56%
<b>Collection (registration activity component)</b> <i>(previously enforcement orders)</i>	\$36.76	\$54.16	+47.34%
<b>Collection (administrative enforcement and warrant enforcement components)</b> <i>(previously lodgements)</i>	\$70.38	\$74.02	+5.18%
<b>Enforcement warrant issue</b> <i>(previously infringement warrant issue)</i>	\$62.22	\$55.99	-10.03%

## 8.2 Methodology behind fee calculation and basis for cost recovery

An Activity Based Costing approach was used to distribute the organisational cost of activities around PRNs, registrations, administrative enforcement, warrant enforcement and enforcement warrant Issue. For a detailed discussion of this methodology see Appendix 1.

## Section 9 Implementation plan for the preferred option

Given that the fee provisions in the Infringements Regulations 2016 are being substantively preserved (subject to some name changes and new dollar amounts), with the PRN fee remaining within those regulations and the other fees being prescribed in the Fines Reform Regulations 2017, an implementation plan is not required.

It is noted that on the first day of each financial year the value of the four fees in the fines enforcement system will be updated to reflect the value of a fee unit determined by the Treasurer in accordance with the Monetary Units Act. The proposed regulations and adjusted fee amounts are currently planned to commence on 31 December 2017 as part of the Fines Reform package.

As for the proposed non-fee regulations, most of them enable the enforcement system to operate properly, and few of them impose any significant compliance obligations on offenders apart from the provision of information to the Director, Fines Victoria on financial circumstances (for around 6,000 directions per annum).

However, the costs for the Director, Fines Victoria in relation to directions for information and WDP activities (while not proposed to be dealt with in the regulations) have both been captured in the enforcement fee.

With respect to WDP activities, there are 10 additional staff being appointed to manage this enforcement activity. Moreover, as discussed in sections 6 and 7, it is not envisaged that there will be an impost to businesses involved in this scheme in terms of record keeping and reporting.

There is no reason to suppose that the implementation of the proposed regulations will not be feasible.



## Section 10 Evaluation strategy

In order to enhance the efficiency and effectiveness of meeting the specified objective and ensuring that there is a robust evidence base for future decision-making, the proposed evaluation strategy will seek to identify key performance indicators and any unintended consequences including:

- ongoing cost base identification and review
- collection of data on time to process PRNs, registrations, administrative enforcements, warrant enforcements and warrants issued
- collection of data on the number and size distribution of businesses involved in the WDP scheme
- collection of data on the proportion of offenders at registration stage who allow their matters to warrant stage
- collection of data on the proportion of offenders who are granted a cancellation by the Director, Fines Victoria but are nonetheless subsequently taken to court by a Council
- collection of data on the number of activities processed, particularly with respect to new activities associated with enforcement and the use of enforcement sanctions by the Director, Fines Victoria, and
- collection of data on fee revenue recovered
- evaluation of arduousness for 8% of offenders with registered matters who pay prior to warrant stage

Given the impending introduction of Fines Reform, the main focus of the evaluation will be on gathering information that might assist with the introduction and operation of Fines Reform. As one of the key changes proposed is the introduction of set of fees charged over the three stages of the fines enforcement process, some analysis of the effects observed as a result of these price changes may be appropriate (for example on the payment behaviour of offenders at different stages of the enforcement lifecycle).

The proposed evaluation might provide DJR with an indication of whether people in the fines enforcement system respond to changes in price and therefore, whether price settings could be used to bring about behavioural changes. This could be useful to inform price setting under the reforms being introduced by the Fines Reform Act. For example, it may be worthwhile to investigate what effect the proposed price changes have on the level of compliance at each stage and how much of any observed effects may realistically be attributed to the price change.

However, such insights could be affected by any non-fee measures introduced by DJR in the short term to improve the recovery of unpaid debt. With this in mind, another important evaluation strategy will be to determine the impact of sanctions during the registration stage available to the Director, Fines Victoria on the level of compliance and change in the proportion of offenders getting to warrant stage where the recovery of fines can be further delayed or end up as bad and doubtful debts.

It is proposed to largely retain the existing fee structure under Option C, with a slight variation to clarify the structure legislatively. There will only be three fees for offenders, the PRN fee, collection fee and enforcement warrant fee. There will be a separate fee for non-exempt agencies called the registration fee, payable upon registration, which reflects the administrative enforcement plus

warrant enforcement components of the collection fee (in other words, which covers the cost to the State of enforcement on behalf of external agencies). This is consistent with the status quo structure since the lodgement fee and the enforcement fee are both payable at the same point in time, and so can be simplified by being amalgamated.

However, an interim review is to be considered where there is less pressure on the implementation of a new system under Fines Reform, more information available, and more clarity as to the extent of cross-subsidisation and points in time around payments and other key variables such as the number of offenders who allow their matters to proceed to the warrant enforcement stage. Such information will help to inform the introduction of more stratified fees in future. The idea is that some of the disadvantages and advantages of the system will be better known at that point in the future. Furthermore, DJR will be in a position to approach the contractor to gain a better understanding of what the ICT cost will be under a different fee structure.

## Section 11 Conclusions

The following conclusions are drawn from the analysis in this RIS.

1. The proposed regulations are being introduced to reflect changes arising through Fines Reform which are being implemented in a two-stages:
  - social justice initiatives which commenced on 1 July 2017 under the Infringements Act including WDPs, changes to internal review, internal review oversight, harmonisation of court powers, and 'time served' scheme, and
  - the establishment of Fines Victoria, the appointment of the Director, Fines Victoria, a range of more effective sanctions, consolidation of fines into a single payment arrangement, and collection and enforcement of court fines under the Fines Reform Act, currently planned to commence on 31 December 2017.
2. In order of severity of impact, problems to be addressed by the proposed regulations may be summarised as follows:

**Fee problem**

  - a lack of prescribed fees resulting in inequitable cross-subsidisation of non-fine paying offenders by non-offenders (taxpayers).

**Non-fee problems**

  - a lack of certain prescribed definitions, criteria and other details, which would severely restrict the operation of the fines enforcement system.
3. To solve these problems, the following policy objectives of the regulatory proposal are identified:
  - to reduce the burden on courts and enforcement agencies and promote law and order by providing for an efficient debt recovery system for persons issued with an infringement fine or court fine, and
  - to recover from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the Infringements Act (as amended by the Fines Reform Act) and the Fines Reform Act.
4. As discussed in section 4 of this RIS, non-fee options have not been considered for cost/benefit analysis given that no significant changes to non-fee regulations are identifiable nor warrant a full analysis with the implementation of the Fines Reform Act.
5. Fee options have been selected as achieving the objectives around recovering from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the Fines Reform Act and are assessed in comparison to the 'base case' in which no fees are prescribed (and in which it is assumed that all costs would be funded via general tax revenue). The five fee options considered for analysis in this RIS are:
  - **Option A** – stratified full cost recovery fees
  - **Option B** – partial cost recovery PRN fee based on status quo of payment flows and existing regulations

- **Option C** – full cost recovery fees based on status quo of payment flows (the proposed fees option)
  - **Option D** – full cost recovery fees with councils<sup>84</sup> and offenders charged for warrant enforcement activities during the warrant stage, and
  - **Option E** – full cost recovery fees with *only* offenders charged for warrant enforcement activities during the warrant stage.
6. Qualitative criteria for fee options are applied to a MCA. As shown in table 31, Option C (the proposed fees option) provides the highest and weighted score of +5.7. Option A provides a weighted score of +5.3 and Option B provides weighted score of +5.0. Finally, Options D and E both provide a weighted score of +4.7. ***On this basis, Option C, the proposed fees based on the status quo fee structure, is selected as the preferred option.***
  7. Appendix 4 to the RIS compares the proposed fees regulations with equivalent regulations in other Australian states and territories. All Australian states have systems for the recovery of unpaid fines, and recover costs through the charging of fees, although in some specific cases the relevant costs are not recovered. Victoria’s proposed fees are not unduly higher or lower than those in other states.
  8. The proposed regulations are not expected to affect the costs of a business (even small business) sufficiently to create any significant impact on competition including any barriers to entry.

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<sup>84</sup> Councils, universities and hospitals.

## Section 12 Glossary of terms

<b>Act:</b>	The <i>Fines Reform Act 2014</i> .
<b>Administrative enforcement:</b>	Enforcement of registered unpaid infringement or court fine by the Director, Fines Victoria by using administrative enforcement sanctions: attachment of earnings directions, attachment of debts directions, driver and vehicle sanctions (e.g. suspension of licence or vehicle registration), and charges over and sale of land, production of information directions. Detention, immobilisation and sale of vehicles (e.g. wheel clamping), number plate removal, arrest and bail, and CWP's are not administrative enforcement.
<b>Attachment of earnings (AOE) direction:</b>	A direction requiring the debtor's employer to deduct instalments from the debtor's wages and forward those monies to the creditor.
<b>Attachment of debts (AOD) direction:</b>	If a debtor is owed money by a third party, the creditor may apply to Fines Victoria for a direction to compel the third party to pay those monies directly to the creditor.
<b>ABS:</b>	Australian Bureau of Statistics.
<b>Base case:</b>	The situation that would exist if there were no replacement regulations or other alternatives in place from the commencement of the Fines Reform Act.
<b>Community work permit (CWP)</b>	A permit that authorises an offender to perform unpaid community work in lieu of paying infringement fines.
<b>Director, Fines Victoria:</b>	Means the person employed as Director, Fines Victoria under section 4 of the Act.
<b>Collection fee</b>	means a fee prescribed under section 23(3) of the Fines Reform Act 2014
<b>Competition:</b>	The process of rivalry between independent firms or individuals in business. Competition occurs within a market.
<b>Court fine:</b>	Means a fine— (a) within the meaning of the Sentencing Act 1991, or (b) imposed on an offender by a court in accordance with any other Act.
<b>Enforcement agency:</b>	An agency authorised to issue infringement fines, including Victoria Police, municipal councils, hospitals and universities.
<b>Enforcement order:</b>	An order by an infringements registrar (i.e. the Infringements Court) to enforce the payment of fines following the lodgement of an unpaid infringement matter together with the prescribed costs with an infringements registrar. Enforcement orders will be replaced by notices of final demand.
<b>Enforcement review:</b>	Review of application for enforcement review with respect to registered matter by the Director, Fines Victoria on the grounds: contrary to law, mistake of identity, special circumstances or exceptional circumstances. Enforcement review replaces the

	existing ‘revocation’ scheme in the Infringements Act.
<b>Enforcement warrant:</b>	If an offender ignores a fine and continues to leave the matter unresolved, the Director, Fines Victoria may issue an enforcement warrant against the offender, giving the Sheriff power to enforce the warrant.
<b>Externality:</b>	The cost or benefit related to a good or service that accrues to persons other than the buyer or the seller of that good or service.
<b>Fee:</b>	A charge levied in order to recover some or all of the cost of providing a specific service. In this RIS a fee means all prescribed costs for PRNs, Lodgements, Enforcement Order, as well as Warrant Issue fee under the current infringement system and means all prescribed costs for PRNs, registration, administrative enforcement, warrant enforcement and issue of enforcement warrant under Fines Reform.
<b>Fines:</b>	Means either or both of the following— (a) an infringement fine, (b) a court fine.
<b>Fine defaulter:</b>	Means a person, including a declared director, who owes an outstanding amount under a registered fine and in respect of whom a notice of final demand has been served, but does not include a person who has applied for either of the following in respect of any registered fine until that application is determined— (a) a payment arrangement, (b) in the case of a registered infringement fine, enforcement review.
<b>Fines Reform model:</b>	A single administrative model for the collection and enforcement of fines with a ‘debtor-centric’ approach, common sanctions and powers to enforce infringement fines and court fines, consolidation of fines into one payment arrangement, and more options for vulnerable people to deal with their infringement fines.
<b>Fines Victoria:</b>	An administrative body which will oversee Victoria’s fines system and represents a single administrative model for the collection and enforcement of infringement and court fines.
<b>IMES</b>	Infringements Management and Enforcement Services.
<b>Infringements Court:</b>	A venue of the Magistrates’ Court of Victoria whose primary purpose is to make court orders to enforce the payment of fines.
<b>Infringement offence:</b>	Means an offence which may be the subject of an infringement notice under— (a) any Act or statutory rule, or (b) any local law, or (ba) a by-law made under section 171 of the Water Act 1989 or a by-law made under a prescribed Act, or (c) any Commonwealth Act or any Act of another State or Territory or any subordinate instrument under such an Act that applies as a law of Victoria.
<b>Infringement offender:</b>	Means a natural person against whom an enforcement warrant is executed in respect of one or more registered infringement fines.
<b>Infringement penalty:</b>	Means the amount stated in an infringement notice as payable in respect of the infringement.
<b>Internal Review</b>	New power of the Director, Fines Victoria to monitor enforcement agencies’ internal review processes and ensure they

<b>Oversight:</b>	comply with relevant legislative provisions.
<b>Lodgement:</b>	Management of the enforcement of a lodged infringement matter with the Infringements Court (this will become “registration” with the Director, Fines Victoria under the Fines Reform Act 2014).
<b>Lodgeable infringement offence:</b>	An infringement offence prescribed to be an offence to which the infringements system applies, that is an offence which may be lodged with the Infringements Court for enforcement (this will become “registrable infringement offences” under the Fines Reform Act 2014).
<b>Market:</b>	An area of close competition between firms, or the field of rivalry in which firms operate.
<b>Market failure:</b>	The situation which occurs when freely functioning markets, operating without government intervention, fail to deliver an efficient or optimal allocation of resources.
<b>Merit goods:</b>	Under-provided goods/services in a market economy which are determined by government to be good for society whether or not consumers desire them.
<b>Monopoly:</b>	Means a market structure where one firm supplies the entire market.
<b>Notice of Final Demand:</b>	A notice by the Director, Fines Victoria to enforce the payment of fines following the registration of an unpaid infringement or court fine together with the prescribed costs.
<b>Payment arrangement:</b>	A payment arrangement is made by the Director, Fines Victoria which enables a person to pay their outstanding matters by an extension of time or by part payments at regular intervals.
<b>Payment order:</b>	A payment order is an order made by the Infringements Court which enables a person to pay their outstanding matters by an extension of time or by part payments at regular intervals.
<b>Payment plan:</b>	A payment plan is a plan offered by an enforcement agency which enables a person to pay their outstanding matters by an extension of time or by part payments at regular intervals.
<b>Penalty Reminder Notice (PRN):</b>	A statutory reminder notice sent to an infringement offender who fails to pay their infringement fine by the due date.
<b>Person unaware:</b>	A person unaware an infringement notice has been served and that service of the infringement notice was not by personal service.
<b>Prescribed:</b>	Specified by regulations made under an Act.
<b>Public good:</b>	A good or service that will not be produced in private markets because there is no way for the producer to keep those who do not pay for the good or service from using it.
<b>Registered fine:</b>	Means either or both of the following— (a) a registered court fine, (b) a registered infringement fine.
<b>Registration:</b>	Registration of a matter by an enforcement agency or the courts with Director, Fines Victoria.

<b>Restriction of competition:</b>	Something that prevents firms in a market or potential entrants to a market from undertaking the process of economic rivalry.
<b>RIS:</b>	Regulatory impact statement.
<b>Special Circumstances:</b>	As defined in the Infringements Act. Includes e.g. family violence, mental illness or intellectual disability, serious drug and volatile substance addiction, or homelessness that results in the person being unable to control conduct which constitutes an infringement offence.
<b>Warrant enforcement:</b>	Warrant enforcement activities undertaken by the Sheriff's Office including: detention, immobilisation and sale of vehicles (e.g. wheel clamping), number plate removal, arrest and bail, and CWPs.
<b>Warrant issue:</b>	Administrative activities associated with issuing and serving a warrant.
<b>WDP:</b>	Work and development permit.



## Section 13 References

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## Appendices

1. *Activity based costing and determination of unit costs*
2. *Determination of fees and revenue under Options*
3. *Costing of proposed non-fee regulations*
4. *Comparative fees of other jurisdictions*
5. *Relevant Legislative Frameworks*



## Appendix 1 – Activity based costing and determination of unit costs

### A1.1 Activity Based Costing methodology

An Activity Based Costing (ABC) exercise was undertaken using a bottom up approach to estimate the cost of each of the activities for the infringement enforcement program. A series of face-to-face interviews were conducted with relevant stakeholders. Only minimum resources required or necessary for government activities around Fines Victoria services to occur have been considered. The ‘efficient’ cost base includes:

- minimum Direct costs: labour costs, material costs, direct operating expenses, and
- minimum Indirect costs: accommodation, corporation overheads and capital related costs (e.g. depreciation of IT systems).

With respect to labour costs, the salaries of staff have been divided by the number of annual working hours (i.e. 1,710hrs<sup>85</sup>) to establish the hourly salary cost (excluding on-costs). A multiplier has been determined from the ratio of total annual salary related on-costs plus total ‘other’ non-salary overhead costs to total annual salary costs where:

- salary-related on-costs: Overtime, Payroll tax, Recreation Leave, Sick Leave, Long service leave, Annual Leave, Superannuation, Work Cover premiums, Maternity Leave, Annual Leave, Performance pay, plus
- ‘other’ non-salary overhead costs including: vehicle costs, IT costs, accommodation costs, uniform costs, training, etc.

Total salary, salary-related on-costs and non-salary overhead costs are summarised in Table A1.1 and were approximately \$59.41 million in 2015-16.

**Table A1.1: Total salary, salary-related on-costs and non-salary related overheads – 2015-16**

<b>Cost category</b>	<b>2015-16</b>
Salaries	\$28,573,727
Salaries – Reimbursements (Credit)	-\$41,484
Casual Employment	\$200
<b>Total salary costs</b>	<b>\$28,532,443</b>
Annual Leave	\$2,679,511
Annual Leave (Provision)	\$143,528
Penalty Rates	\$609,749
Overtime	\$526,813
Payroll Tax	\$1,745,603
FBT Expense	\$42,054
LSL Expense to Provision Non-Revaluation Movement	\$992,481
WorkCover Levy	\$1,125,355
WorkCover Medical/Other Payments	\$7,942
Voluntary Departure Payment	\$40,751
Super Contribution – Revised Scheme	\$515,082
Super Contribution – Vic Super	\$2,007,466
Super Contribution – Private Funds	\$461,557
<b>Total salary related on-costs</b>	<b>\$10,897,892</b>
Depreciation Plant and Equipment	\$6,688,805
Depreciation Computer and Communications equipment	\$72,513

<sup>85</sup> Calculated as 225 working days per annum and 7.6 hours per day.

Cost category	2015-16
Depreciation Motor Vehicles	\$12,979
Depreciation of intangible assets <sup>86</sup>	\$5,300,000
Amortisation Building Leasehold improvement	\$251,146
Amortisation Motor Vehicles –VicFleet	\$1,039,433
Amortisation Software	\$570,369
Car parking – Long Term Lease	\$139,220
Cleaning Service Contract	\$239,591
Outgoings not included in Commercial Rent (Rates, Water, Electricity, Gas etc.)	\$156,484
Rental Commercial	\$2,736,563
Rental Government	\$49,764
Corporate contribution (Central administration costs)	\$2,726,910
<b>Total corporate overhead costs</b>	<b>\$19,983,777</b>
<b>Total direct and indirect costs</b>	<b>\$59,414,112</b>

Source: DJR 2016-17

A combined on-cost and overhead multiplier of 2.08 is used for costing unique outputs for councils (represented by Melbourne Council<sup>87</sup>) and the leading senior constable salary category for the TCO – estimated in the following way:

$$1 + \frac{(\text{Total salary related on-costs}) + (\text{Total non-salary related overhead costs})}{(\text{Total salary costs})} = 1 + \frac{\$10,897,892 + \$19,983,777}{\$28,532,443} = 2.08$$

An overhead multiplier of 1.7 is used for is used for costing unique outputs for Fines Victoria and uses hourly salary rates for IMES staff which included salary on costs. The *overhead multiplier* is calculated as:

$$1 + \frac{(\text{Total non-salary related overhead costs})}{(\text{Total salary costs})} = 1 + \frac{\$19,983,777}{\$28,532,443} = 1.7$$

The overhead multiplier of 1.7 is used with the hourly salary cost (including salary on costs) to determine the “hourly charge out rate” of staff time per staff classification (see table A1.2). Salary related on-costs are added to annual salaries using the following approved on-cost rates of 19.93% for the VPS2 to VPS4 categories, 19.78% for the VPS5 and senior Sheriff’s officer categories, 19.26% for the VPS7 category and 8.41% for the executive officers (EO2) category. Importantly, projections for salaries in 2017-18 are used for costing purposes given that Fines Reform activities are anticipated to begin in the 2017-18 financial year.

**Table A1.2: Projected hourly charge out rates per staff classification for Fines Victoria – 2017-18**

Salary Category	Projected mid-range of annual salary 2017-18 (a) <sup>88</sup>	Hourly Salary (including on costs) (b) = (a)/1,710hrs/annum	Hourly charge out rate (c) = (b) x overhead multiplier of 1.7
VPS2	\$57,192	\$40.11	\$68.20

<sup>86</sup> 10-year intangible asset life for the VIEW system has been chosen by IMES with a \$53m capital investment and \$5.3m of depreciation per annum for 10 years using the straight-line method.

<sup>87</sup> Melbourne City Council used as a representative of efficient enforcement agency operations on the basis of scale economies. Moreover, Melbourne City Council advised that proportion of salary costs, salary-related on costs, and non-salary related overhead costs would be similar to IMES in 2015-16 and it was acceptable to use a similar multiplier for their staff. TCO as part of the IMES uses the same multiplier.

<sup>88</sup> Provided by IMES.

Salary Category	Projected mid-range of annual salary 2017-18 (a) <sup>88</sup>	Hourly Salary (including on costs) (b) = (a)/1,710hrs/annum	Hourly charge out rate (c) = (b) x overhead multiplier of 1.7
VPS3	\$72,752	\$51.02	\$86.76
VPS4	\$86,829	\$60.90	\$103.55
VPS5	\$103,720	\$72.65	\$123.54
VPS6	\$134,606	\$94.07	\$159.96
VPS7	\$184,535	\$128.70	\$218.84
Operations Officer <sup>89</sup>	\$86,829	\$60.90	\$103.55
Senior Sheriff's Officer <sup>90</sup>	\$103,720	\$60.90	\$103.55
Executive Officers	\$269,877	\$171.10	\$290.93

The hourly charge out rate, encapsulating both on-costs and overhead costs, is multiplied by the relevant staff classification per activity and the hours spent on an activity to obtain the total cost for a particular unique output. Tables A1.3 and A1.4 show the representative hourly charge out rates allocated to unique outputs represented by Councils and the TCO, respectively.

**Table A1.3: Hourly charge out rates per staff classification for Councils**

Staff Classification	Projected mid-range of annual salary 2017-18 (a) <sup>91</sup>	Hourly Salary (b) = (a)/1,710hrs/annum	Hourly charge Out Rate (c) = (b) x multiplier of 2.08
Class 1	\$51,466	\$30.10	\$62.67
Class 2	\$59,665	\$34.89	\$72.66
Class 3	\$69,167	\$40.45	\$84.23
Class 4	\$82,589	\$48.30	\$100.57
Class 5	\$95,743	\$55.99	\$116.59
Class 6	\$114,224	\$66.80	\$139.10
Class 7	\$136,275	\$79.69	\$165.95

<sup>89</sup> Equivalent to VPS4.

<sup>90</sup> Equivalent to VPS5.

<sup>91</sup> Based on 2013-14 salary levels and incremented by 2.5% per annum on advice from Melbourne City Council.

**Table A1.4: Hourly charge out rates per staff classification for TCO**

Salary Category	Projected mid-range of annual salary 2017-18 (a) <sup>92</sup>	Hourly Salary (including on costs) (b) = (a)/1,710 hrs/annum	Hourly charge out rate (c) = (b) x overhead multiplier of 1.7
VPS2	\$57,192	\$40.11	\$68.20
VPS3	\$72,752	\$51.02	\$86.76
Leading Senior Constable*	\$96,632	\$56.51	\$117.67

\*Does not include on costs in the hourly salary and instead uses a combined on-cost and overhead multiplier of 2.08

An external provider will be anticipated to charge a flat<sup>93</sup> fee of \$15 per infringement matter for administrative services provided across all outputs including PRNs, registration of fines, administrative enforcement, warrant enforcement and warrant issue. A summary of the category of services is provided below including FTE effort by category:

*Outbound Correspondence (1% of FTE effort):*

As infringements progress through the infringements enforcement lifecycle, a number of notices and letters are mailed to inform debtors about the status of their fine and options available to them. Correspondence is also mailed to debtors when they engage with Fines Victoria (FV) and request information or take action on their fines. The Outbound Correspondence service prints and distributes this correspondence on behalf of DJR, Victoria Police and Resident Agencies. In essence the Outbound Correspondence service is a printing and mail house function.

*Contact Centre (65% of FTE effort):*

When a debtor receives a fine, they are required to pay the fine by the due date or nominate the person responsible. The Contact Centre is the primary debtor engagement channel, providing options for the debtor to pay their fines, responding to customer enquiries as well as assisting key IMES stakeholders such as Victoria Police, Fines Victoria, and Sheriff's Office Victoria (SOV) with obtaining obligation-specific information for law enforcement purposes. The main functions of the Contact Centre include managing debtor enquiries, updating debtor and associated debt records, processing payments and providing support for debt collection. As the primary customer engagement channel, the Contact Centre performs a critical role across all stages of the Infringement and Court Order Lifecycle.

*Sheriff's Communications (8% of FTE effort):*

The Sheriff's Office is a body comprised of uniformed officers which primarily enforces court orders and warrants issued by Victorian and Federal Courts. Its objective is to provide effective sanctions against debtors who do not comply with court orders and warrants. The purpose of Sheriff's Communications is to support sheriff's officers. The main functions of Sheriff's Communications include supporting sheriff's officers faced with emergency incidents by responding to duress and emergency calls, providing them with relevant information required to execute warrants and updating the records with warrant enforcement outcomes. In essence Sheriff's Communications service acts as a call centre for the sheriff's officers.

*Operations Support (26% of FTE effort):*

<sup>92</sup> Based on 2015-16 salary levels and incremented by 2.5% per annum on advice from IMES.

<sup>93</sup> The breakup of flat \$15 charge against outputs cannot be provided due to commercial-in-confidence requirements.

This Service Group is responsible for backend infringement processing which includes processing inbound correspondence, financial processing and warrants administration. The Operations Support Service Group is also responsible for providing Fines Victoria Counter services including enquiries management and providing cashier services. Operations Support is the largest Service Group in the SDM, consisting of services which operate across all stages of the Infringement and Court Order Lifecycle.<sup>94</sup>

This outsourced cost (i.e. for services bought in) – is added to the cost estimates for fees using a pro rata approach based on the proportion of historical outputs represented by each category to total output across all categories. Table A1.5 summarises the average number of outputs across PRNs, registration of fines, enforcement, and warrants issued and the apportionment of external provider costs across these historical outputs for the purpose of establishing regulatory fees.

**Table A1.5: Average volume of outputs across PRNs, Registration<sup>95</sup>, Enforcement and Warrants<sup>96</sup> and pro rata apportionment of estimated external provider charge of \$15**

Category of output	2011-12 volume	2012-13 volume	2013-14 volume	2014-15 volume	2015-16 volume	Average volume of annual output (g)	Percentage of total average annual outputs (h) = (g)/6,485,775	Pro Rata of \$15 flat fee (i) = (h) x \$15
<b>PRNs</b>	1,570,916	2,163,608	1,835,129	1,955,366	1,881,162	1,881,236	29.01%	\$4.35
Enforcement Orders <b>(Registrations)</b>	1,565,585	1,848,784	1,811,495	1,796,481	1,915,112	1,787,491	27.56%	\$4.13
Infringements Court Lodgements <b>(Administrative enforcements and warrant enforcements)</b>	901,998	1,216,540	1,087,326	1,098,488	1,171,027	1,095,076	16.88%	\$2.53
Infringement warrants issued <b>(Enforcement warrants issued)</b>	1,715,391	1,712,391	2,033,236	1,516,002	1,632,840	1,721,972	26.55%	\$3.98
<b>Total</b>	<b>5,753,890</b>	<b>6,941,323</b>	<b>6,767,186</b>	<b>6,366,337</b>	<b>6,600,141</b>	<b>6,485,775</b>	<b>100.00%</b>	<b>\$15.00</b>

Source: Data provided by DJR (including annual reports)

All data obtained from the ABC exercise is outlined in sections A1.2 to A1.5. Sections A1.6 to A1.9 consolidate the information in sections A1.2 to A1.5 to provide unit costs for PRNs, registrations, administrative enforcements, warrant enforcements and enforcement warrants issued. All data presented reflects the most current information available.

## A1.2 Activity Based Costing of PRN output activities

Section A1.2 illustrates the detailed activities and associated costs of VicRoads search/extract costs, debt collection costs, contract and legal costs per output associated with PRNs – including, internal

<sup>94</sup> All information/description regarding categories of services has been provided by IMES.

<sup>95</sup> Includes court fines 52,493 estimated in 2014-15 and 58,592 estimated in 2015-16.

<sup>96</sup> Includes court fines which progress to warrant stage = 92% of those registered (i.e. 92% of 52,493 in 2014-15 and 92% of 58,592 in 2015-16).

reviews, nominations, payment plans and court elections, as well as, direct costs of processing PRNs. All times are weighted by the probability of an activity occurring within an output category. All costs represent the cost per infringement matter. Data is based on a large metropolitan city council's activities taken to be representative sample of an efficient cost base due to scale economies and the TCO. These costs are outlined in tables A1.6 to A1.16:

**Table A1.6: Total cost of nomination output per infringement matter (Councils)**

Activity	Hrly charge out rate <sup>97</sup> (a)	Weighted Mins required (b)	Weighted Hrs required (c) = (b)/60	Cost per nomination (d) = (a) x (c)
Receive and 'date stamp' the nominations and allocate a file number (checking for previous Vs. new receipts) and sort into correct and incorrect nomination piles, as well as, mail returns and 'car solds'.	\$84.23	1	0.017	\$1.40
Processes correct nomination forms on smart client. (1.5 minutes 90% of time).	\$84.23	1.35	0.023	\$1.90
Processes incorrect nomination forms (photocopy and process in alternative system and indicate on system what is incorrect). (1 minute 3.33 <sup>98</sup> % of time).	\$84.23	0.03	0.001	\$0.05
Prepare the letter going out for withdrawal of original infringement in lieu of correct nomination including printing and envelope. (1.5 minutes 90% of time).	\$84.23	1.35	0.023	\$1.90
Prepare the letter going out for clarification regarding incorrect nominations including checking and printing and envelope. (1.5 minutes 3.33% of the time).	\$84.23	0.05	0.001	\$0.07
Action mail returns (attach PRN to the envelope associated with the mail return and file using online system to verify reason for return). Go into current contact and place fine back into the owner's name and go into additional data and designate DRVP plus issue letter of cancellation of acceptance of nomination. (2 minutes 3.33% of the time).	\$84.23	0.067	0.001	\$0.09
Process 'car solds' including photocopying and data entry and update on data base system for VicRoads. Place new owner when advised by VicRoads on the system, or if incorrect send out a letter to owner to sort out with VicRoads, or document as a UIC which is a withdrawal when an owner cannot be identified. (1.5 minutes 3.33% of the time)	\$84.23	0.050	0.001	\$0.07
Customer complaints via phone.	\$84.23	5	0.083	\$7.02
Filing hard copy stacks of 'car solds' and mail returns and incorrect nominations processed in one pile but which are crosschecked and placed in correct existing files and compactors or boxes for storage (filing 50 nominations per stack taking 45 minutes 10% of the time).	\$84.23	0.1	0.002	\$0.13

<sup>97</sup> Based on class 3 staff classification. All activities assume 1 staff member involved unless stated.

<sup>98</sup> Represents an equal distribution of incorrect nominations, mail returns and 'car solds' (3.33% each) adding to 10%.



Activity	Hrly charge out rate <sup>97</sup> (a)	Weighted Mins required (b)	Weighted Hrs required (c) = (b)/60	Cost per nomination (d) =(a) x (c)
<b>Total</b>		<b>8.99</b>	<b>0.11</b>	<b>\$12.62</b>

**Additional data provided (Councils)**

Time spent on average call in minutes	5
Average nominations per day	90
Percentage of nominations correct	90%
Percentage of nominations incorrect	3.33%
Percentage of mail returns	3.33%
Percentage of 'car solds'	3.33%

**Table A1.7: Total cost of complex nomination output per infringement matter (TCO)<sup>99</sup>**

Activity	Hrly charge out rate <sup>100</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) = (a) x (c)
Receive and sort batches of nominations from external provider (more incomplete nominations or those that do not fit in their processing rules) and (7 batches with 30 matters per batch) (1 minute per matter)	\$117.67	1	0.017	\$1.96
Look up the infringement notice number in VIEW (0.5 minutes)	\$117.67	0.50	0.008	\$0.98
Look up stolen vehicle on LEAP (2 minutes 25% of the time)	\$117.67	0.62	0.010	\$1.22
Write down date of offence and date vehicle was stolen the date it was recovered for record keeping and auditing (for auditor general) (1 minute 25% of the time)	\$117.67	0.25	0.004	\$0.49
Search by name and address in LEAP and look up incident number or sub-incident number which is recorded in LEAP (5 minutes 1% of the time)	\$117.67	0.06	0.001	\$0.12
Send person a letter and withdraw infringement notice on IRCMS (internal review and court management system) notifying them that there will be no further action required (1 minute for 24% of the time)	\$117.67	0.24	0.004	\$0.46
Send person a more complicated custom letter (3 minutes 1% of the time)	\$117.67	0.04	0.001	\$0.07
Second incomplete' nominations and 'no further details' nominations are reviewed with missing information identified - scan the document and read additional documents on average plus look up any information on DLS (driver's licence system. A decision is made if information is sufficient to accept nomination (4 minutes 10% of the time)	\$117.67	0.41	0.007	\$0.81
Accept them on IRCMS typing the number into the system and stamping and putting them in a tray (1 minute 10% of the time)	\$117.67	0.10	0.002	\$0.20
For nomination rejection statement read the correspondence, statutory declaration, photos (2 minutes) look at VIEW and look at who nominated them and write down details and then go to VIEW Point (2.5 minutes) to check why they were nominated. Go back through the nomination chain historical in VIEW, which can take an extra 2 minutes (50% of the time). Send them a letter informing them of rejection or processing acceptance in IRCMS (1 minute)	\$117.67	3.02	0.050	\$5.92
If it is the first time they have written in and have not given any evidence and you would go into IRCMS and write back to them (1 minute 7% of the time)	\$117.67	0.071	0.001	\$0.14
For unknown user statement look up in VIEW for history for unknown user statement (0.5 minutes) and look at image on EROS (1 minute) (50% of the time)	\$117.67	0.717	0.012	\$1.41

<sup>99</sup> Simple nominations are undertaken by external contractor.

<sup>100</sup> Based on Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate <sup>100</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) =(a) x (c)
then accept deny statement including writing letter which would take (2 minutes) Total average of 3 minutes 24% of the time				
Taxi - bus or special vehicle statements processing involves receiving correspondence and look up in VIEW and identify whether person writing in is the taxi or bus or vehicle owner or nominated by the owner (0.5 minutes). If the owner of the vehicle and in the case of incomplete information or no further details statement (4min) 20% of the time it is rejected it or accepted if details are found. If the driver writes in (72% of the time) we reject it (1 minute) plus 8% of the time the driver has given additional information (e.g. receipts) to show they were not driving and we reject it back to the owner of the vehicle who then nominates the correct driver which takes a bit longer (3 minutes) (Taxi, bus and special vehicle statements take an average total of 2.26 minutes per matter 3% of the time)	\$117.67	0.059	0.001	\$0.12
Power of attorney statements are accepted in IRCMS and stamped (1 minute 0.3% of the time)	\$117.67	0.003	0.00005	\$0.00
Prison or if unable to sign nominations are processed by sending a correspondence to the person they are trying to nominate and a letter to nominator as to we are rejecting nomination (2 minutes each letter or a total of 4 minutes 0.14% of the time)	\$117.67	0.006	0.000	\$0.01
Deceased - accept (with death certificate or ascertain death by other means - Herald Sun obituaries or DLS) 50% of the time. Check on VIEW to make sure the date of the offence is after the date of death (0.5 minutes) and get a form signed by manager (1 minute) accept it in IRCMS (1 minute) and check if vehicle is registered to deceased VRIS (Vehicle registration and identification system) (1 minute). Fill in VicRoads deceased form (1 minute) and or ask for additional information 50% of the time including processing nomination in IRCMS (1 minute) Convert the nomination into an internal review and request additional information through a letter (1 minute) and accept the nomination on reply. A total average of 5 minutes required 1% of the time	\$117.67	0.036	0.001	\$0.07
Counter (speak face to face clarification sought) (10 minutes 0.5% of the time)	\$117.67	0.048	0.001	\$0.09
Customer complaints via phone (5 minutes 0.5% of the time)	\$117.67	0	0.000	\$0.05
<b>Total</b>		<b>7.21</b>	<b>0.12</b>	<b>\$14.13</b>

**Table A1.8: Total cost of internal review output per infringement matter (Councils)**

Activity	Hrly charge out	Weighted Min required	Weighted Hrs required	Cost per matter reviewed
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	rate <sup>101</sup> (a)	(b)	(c) = (b)/60	(d) =(a) x (c)
Generate a service request including sorting incoming applications.	\$84.23	15	0.250	\$21.06
Receive service request and open and assess request including checking supporting documents by infringement review officer. (3.5 minutes 88% of the time)	\$84.23	3.08	0.051	\$4.32
Verify the reason for the issue of the infringement and whether it has been issued correctly. (2.5 minutes 88% of the time)	\$84.23	2.20	0.037	\$3.09
Receive service request and open and assess request including checking supporting documents by infringement review officer (complex review). (3.5 minutes 12% of the time)	\$100.57	0.42	0.007	\$0.70
Verify the reason for the issue of the infringement and whether it has been issued correctly (complex review). (2.5 minutes 12% of the time)	\$100.57	0.30	0.005	\$0.50
Insert text on system around the review findings.	\$84.23	1.00	0.017	\$1.40
Generate a response and print.	\$84.23	4.00	0.067	\$5.62
Action the infringement itself (10 seconds).	\$84.23	0.17	0.003	\$0.23
Dealing with customer responses from review via phone including writing notes per matter	\$84.23	7.0	0.117	\$9.83
<b>Total</b>		<b>33.17</b>	<b>0.553</b>	<b>\$46.76</b>

<sup>101</sup> Based on class 3 and 4 staff classification. All activities assume 1 staff member involved unless stated.

**Table A1.9: Total cost of internal review output per tolling matter (TCO)**

Activity	Hrly charge out rate <sup>102</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) =(a) x (c)
Collect, sort and print the incoming correspondence (complex plea) (5 minutes 75% of the time)	\$68.20	3.75	0.063	\$4.26
Collect, sort and print the incoming correspondence (simple plea). Recommendation is already provided by investigation summary provided by the Tolling company (5 minutes 25% of the time)	\$86.76	1.25	0.021	\$1.81
Search for the files needed by person's name and date and collate and read the plea and make informed decision (simple plea) (2 minutes 25% of the time)	\$86.76	0.50	0.008	\$0.72
Read the plea and make an informed decision following policy and procedure (complex plea) (20 infringements = 5 minutes per infringement 60% of the time)	\$68.20	3.00	0.050	\$3.41
Read the plea and make an informed decision following policy and procedure (complex plea) (20 infringements = 5 min per infringement) plus undertake a VicRoads search and obtain source documents from the tolling companies (30 minutes 15% of the time)	\$68.20	4.50	0.075	\$5.12
Generate a response and print (complex plea) (1 minute 75% of the time)	\$68.20	0.75	0.013	\$0.85
Generate a response and print (simple plea) (1 minute 25% of the time)	\$86.76	0.25	0.004	\$0.36
Dealing with customer responses from review via phone including writing notes per matter (complex plea) (5 minutes 75% of the time)	\$61.47	3.75	0.063	\$3.84
Dealing with customer responses from review via phone including writing notes per matter (simple plea) (5 minutes 25% of the time)	\$86.76	1.3	0.021	\$1.81
<b>Total</b>		<b>19.00</b>	<b>0.317</b>	<b>\$22.18</b>

**Additional data provided (TCO)**

Tolling Matters reviewed over 90 days	2585
Tolling Matters reviewed monthly	862
Average number of tolling reviews per annum	10,340

<sup>102</sup> Based on VPS2 and VPS3 staff classification. All activities assume 1 staff member involved unless stated.

**Table A1.10: Total cost of internal review output per camera/member issued matter (TCO)**

Activity	Hrly charge out rate <sup>103</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) =(a) x (c)
Receive reviews in batches and write up and print cover sheets and do a mail merge and save (5 minutes per batch - 20 matters per batch)	\$117.67	0.75	0.013	\$1.47
Camera matters (speed and red light) (74.56% for camera and of that 83.98% for speed and 14.67% for red light see additional information below). Type infringement number for camera or red light infringement into VIEW making sure they don't have warrants, that they have a licence and check their history of speeding which takes (1.5 minutes) and read plea (2 minutes) plus an extra minute to look at photo for errors in relation to red light camera offences. Finalise the file and go into IRCMS and send a letter (2 minute) for 52% of the time	\$117.67	5.57	0.093	\$10.93
Member issued matters (speed and red light) (25.44% for member issued and of that 39.15% for speed and 2.07% for red light) Type infringement number into VIEW and make sure they don't have warrants, have a licence and check history of speeding which takes (1.5 minutes) and read plea (2 minutes) and look at the ticket and make sure it has been issued correctly and read the members evidence (1 minute). Finalise the file and go into IRCMS and send a letter (2 minute) 18% of the time	\$117.67	5.50	0.092	\$10.79
Registration matters - look at IRCMS and check that applicant does not have warrants or registration priors (warnings or prior for being unregistered) - and then write down date of the offence, date the registration expired, and then go into VRIS and find the date they paid the registration and then do a calculation if they are eligible for a warning. (8 minutes 6% of the time)	\$117.67	0.47	0.008	\$0.93
Review of incorrect loss of licence by member issued ticket. Take a copy of the infringement notice. Cancel infringement and re-issue ticket by the member which results in loss of licence - a letter is provided to the debtor and the member (Cut and paste information from outlook) go into IRCMS and make changes. Write on review document updates (ticking) and write what is wrong with it (e.g. due date incorrect). Right the name of the member. Print the letters and staple the letter to the copy of the infringement before it goes out. (4.5 minutes 2% of the time)	\$117.67	0.16	0.003	\$0.32

<sup>103</sup> Based on Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate <sup>103</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) = (a) x (c)
When someone applies for review for loss of licence write to let him or her know their options understanding that the legislative requirement is for them to undertake action by 28 days from the date the infringement was issued. If it's a member's issued ticket you would read the member's evidence as well as correspondence. Write the issue date, suspension date, and check off they had time to go court. Action demerit points reversal with VicRoads. (1 minute more than standard camera issued matter review) (5.5 minutes 3.6% of the time)	\$117.67	0.23	0.004	\$0.46
PRN fee waiver - review of applications for the fee to be reviewed. Go into VIEW and check if they have paid it - glance over the letter and update on IRCMS (2 minutes 13% of the time)	\$117.67	0.39	0.006	\$0.76
Counter face to face correspondence (10 minutes 7% of the time)	\$117.67	0.51	0.008	\$0.99
Dealing with customer responses from review via phone including writing notes per matter (5 minutes 3% of the time)	\$117.67	0.2	0.003	\$0.30
<b>Total</b>		<b>13.74</b>	<b>0.229</b>	<b>\$26.94</b>

#### Additional data provided (TCO):

Camera matters reviewed per week (Speed)	2,496
Camera matters reviewed per week (Red light)	436
Camera matters reviewed per week (Registration)	40
Total camera matters reviewed per week	2,972
% of total camera matters reviewed per week that are speed related	83.98%
% of total camera matters reviewed per week that are red light related	14.67%
% of total camera matters reviewed per week that are registration related	1.35%
Member issued matters reviewed per week (Speed)	397
Member issued matters reviewed per week (Red light)	21
Member issued matters reviewed per week (Registration)	196
Member issued matters reviewed per week (Other)	400
Total member issued matters reviewed per week	1014
% of total member issued matters reviewed per week that are speed related	39.15%
% of total member issued matters reviewed per week that are red light related	2.07%
% of total member issued matters reviewed per week that are registration related	19.33%
% of total member issued matters reviewed per week that are other related	39.45%
Total matters reviewed per week	3,986
Estimated total matters reviewed per staff per day	83
PRN fee waiver as a % of total matters reviewed per day per staff (8/day/staff member)	9.64%
Telephone complaints as a % of total matters reviewed per day per staff (2.5/day/staff member)	3.01%
Counter complaints as a % of total matters reviewed per day per staff member (4.2/day/staff member)	5.06%
Applications for review of loss of licence as a % of total matters reviewed per day per staff member (3/day/staff member)	3.61%
Review of incorrect issue of loss of licence by member as a % of total matters reviewed per day per staff member (3/day/staff member)	3.61%
% of total matters that are registration related	5.92%
% of total matters reviewed which are camera matters	74.56%
% of total matters reviewed which are member issued matters	25.44%

Total matters reviewed per month	15944
Total matters reviewed per annum	191328

Total matters traffic camera, member issued and tolling	201,668
% of tolling	5.13%
% of traffic camera and member issued	94.87%

**Weighted cost of internal review (TCO) per infringement \$26.70**



**Table A1.11: Total cost of payment plan output per infringement matter (Councils)**

Activity	Hrly charge out rate <sup>104</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per payment plan matter (d) =(a) x (c)
Create a service request (including number) upon receiving the payment plan application via email. (10 minutes with 1.31 matters/payment plan)	\$84.23	7.65	0.127	\$10.73
Bring up the infringement number and check to ensure that the matter has not gone to Fines Victoria. Consider a payment plan (for health care card holders only). (1 minute 85% of the time with 1.31 matter/payment plan)	\$84.23	0.65	0.011	\$0.91
Bring up the infringement number and check to ensure that the matter has not gone to Fines Victoria. Consider a payment plan (for health care card holders only). Use the Information Business Systems (IBS) spreadsheet for VicRoads request (names and address request) where checking details of registered owner with a \$3 charge. (1 minute 15% of the time with 1.31 matter per payment plan on average + \$3 charge)	\$84.23	0.29	0.005	\$3.40
Transfer application information on spreadsheet.	\$84.23	1.15	0.019	\$1.61
Fill in payment plan template as provided by external provider. Put in number of infringements (typically 1) and go to debtor and type in debtor details and include vehicle registration and save and print the page then email payment plan to IBS to action (with new document number). (10 minutes with 1.31 matters per payment plan)	\$84.23	7.65	0.127	\$10.73
IBS fills in the remaining fields and then forwards payment plan on to external provider. (4.5 minutes with 1.31 matters/payment plan)	\$84.23	3.44	0.057	\$4.83
Bring up service request number (SRN) associated with the payment plan application and add the payment plan register number and document number and then add to the infringement itself. (4.5 minutes with 1.31 matters per payment plan on average)	\$84.23	3.44	0.057	\$4.83
Write up a letter to the applicant advising of outcome and payment plan. (1.5 minutes with 1.31 matters per payment plan)	\$84.23	1.15	0.019	\$1.61
Print off returns from IBS and attach to the payment plan. (2 minutes with 1.31 matters per payment plan)	\$84.23	1.53	0.025	\$2.15
Finance officer raises an invoice for payment to external provider, which is then sent to accounts payable. \$4.40 paid to external	\$84.23	0.57	0.009	\$5.20

<sup>104</sup> Based on class 3 and 6 staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate <sup>104</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per payment plan matter (d) = (a) x (c)
provider/pin. (25 minutes with an average of 44 matters/invoice raised + \$4.40 paid to external provider)				
Payment by accounts payable to external provider.	\$84.23	1.50	0.025	\$2.11
Coordinator checks that all is correct in the payment plan.	\$139.10	2.00	0.033	\$4.64
Processing payments received by external provider from the customer, which have been forwarded to the council for manual receipting. (30 minutes with an average of 35 matters per batch of for manual receipting)	\$84.23	0.86	0.014	\$1.20
Cancel plans including: defaulted, cancelled, never on plans and advise IBS via email of change in status. (60 minutes 20% of the time)	\$84.23	0.80	0.013	\$1.12
IBS changes status of infringement to 'live' again to go through the remaining cycle as per normal infringement. (10 minutes 10% of the time)	\$84.23	2.00	0.033	\$2.81
<b>Total</b>		<b>34.66</b>	<b>0.578</b>	<b>\$57.89</b>

#### Additional data provided (Councils)

Average number of payment plans per month	40
Average number of payment plans per day	2
Average number of matters per payment plan	1.31
Batch of infringements for manual receipting	35
Cancellation of defaulted plans - average number of infringements	15
Raising an invoice - average number of matters	44

**Table A1.12: Total cost of court elections output per infringement matter (Councils)**

Activity	Hrly charge out rate (a) <sup>105</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
Receive request, administrative officer determines if person has standing to take matter to court by doing a VicRoads search with a weighted average cost of \$14.71 (see additional below). (10 minutes with an average of 1.1 matters per court election)	\$84.23	9.09	0.15	\$27.47
Where no standing is ascertained the prosecutor sends through a driver nomination letter, which takes 10 minutes. (10 minutes 14% of the time with an average of 1.1 matters per court election)	\$84.23	1.30	0.02	\$1.82
Where standing is confirmed the prosecutor actions or processes the request by printing a checklist, printing all the material in relation to the infringement notice, completing the checklist, preparing a case summary, and compiling the brief of evidence. (45 minutes 86% of the time with an average of 1.1 matters per court election)	\$84.23	35.06	0.58	\$49.22
At the checking stage the prosecutions' coordinator or senior prosecutor review the brief of evidence and provide feedback to the prosecutor who has prepared the brief. (30 minutes 86% of the time with an average of 1.1 matters per court election)	\$116.59	23.45	0.39	\$45.58
Prosecutor sends a notification letter to the accused and closes the service request. (5 minutes 86% of the time with an average of 1.1 matters per court election)	\$84.23	3.91	0.07	\$5.49
Preparing a notice of hearing and printing copies for serving the accused, filing at court, and retaining notice on prosecution file. (5 minutes 86% of the time)	\$84.23	4.30	0.07	\$6.04
Prosecutor checks the notice of hearing then serves a copy on the accused and attends court to file a copy and swear an affidavit of service and pay the filing fee \$75.50 per single matter. (15 minutes 86% of the time)	\$100.57	12.90	0.22	\$97.12
Administration officer prepares a court cover sheet and files the matter in the prosecutions cabinet. (3 minutes 86% of the time)	\$84.23	2.58	0.04	\$3.62
Prosecutor takes brief of evidence to court and undertakes pre-court conferencing with accused and prosecutes the matter in the courtroom. (30 minutes 86% of the time)	\$100.57	25.80	0.43	\$43.25
Prosecutor returns to court and completes data entry and filing. (10 minutes 86% of the time)	\$100.57	8.60	0.14	\$14.42

<sup>105</sup> Based on class 3, 4 and 5 staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate (a) <sup>105</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
<b>Total</b>		<b>127.00</b>	<b>2.12</b>	<b>\$294.02</b>

**Additional data provided (Councils)**

Average number of court elections per annum	400
Average number of court elections per day	1
Average number of matters per court election	1.1
Simple VicRoads search	\$8.90
Percentage of searches	30%
Complex VicRoads search	\$17.20
Percentage of searches	70%
Weighted average cost of a VicRoads Search	\$14.71

**Table A1.13: Total cost of court elections output per fixed and mobile camera issued matter (TCO)**

Activity	Hrly charge out rate (a) <sup>106</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) = (a) x (c)
Receive request (photo and election application plus correspondence), Locate infringement number on VIEW and check that the detailed information matches up with the infringement matter (name date of birth and licence number) (1 minute). Check that the images correspond to the VIEW details and that there is no fault and look at correspondence (50% of the time 1 minute extra) + 20% of the time staple a basic application to the brief (1 minute extra) + check if there has been a driver nomination (40%) and if not print one off from Viewpoint and attach to the file (1% with 2 min) (Total average of 1.71 minutes)	\$68.20	1.71	0.03	\$1.94
Check history on VIEW to see there is an internal review and who has done it and date it was done and if there have been any nomination rejections (prior work done in office). Print the infringement information sheet and print infringement detail sheet and then collect both sheets. (2 minutes)	\$68.20	2.00	0.03	\$2.27
Type infringement number into IRCMS and find the infringement details there and open it up to be processed (0.5 minute)	\$68.20	0.50	0.01	\$0.57
Send out a letter if circumstances have indicated no fault of driver and can be proven plus printing (2 minutes 2.5% of the time)	\$68.20	0.05	0.00	\$0.06
Send a letter to advise a person that they are going to court (court request infringement withdrawal notice) standard and special circumstances - accept brief and give notice of withdrawal - print it out and ensure that is one page out and adjust details to suite actual debtor person's gender and check address if different (20% of the time it requires an additional 1 minute of work) (2.2 minutes 97.5% of the time)	\$68.20	2.15	0.04	\$2.44
Prepare brief cover sheet for all letters including operator name and find court location based on debtor residence or where image was taken if camera operator statement - type in brief number and description of offence and defendants name and whether there is a plea or nomination plus printing and collate them into bundles of 10	\$68.20	3.00	0.05	\$3.41

<sup>106</sup> Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate (a) <sup>106</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
Process bundles of 10 as a tabulation of registration details sheet. Get extracts (more information we need for the brief) from Licence and Registration Extracts Unit Record Services Division Victoria Police of licence and registration in lots of 10. Open up request sheet and type in each brief details, rego, vehicle type and date of offence + print copy and email information over to Licence and Registration Extracts Unit Record Services Division Victoria Police (0.40 minutes)	\$68.20	0.40	0.01	\$0.45
Process bundles of 10 as a tabulation of licence details sheet. Get extracts (more information we need for the brief) from Licence and Registration Extracts Unit Record Services Division Victoria Police of licence and registration in lots of 10 open up request sheet and type in each brief details, rego, vehicle type and date of offence + print copy and email information over to Licence and Registration Extracts Unit Record Services Division Victoria Police (0.6 minutes)	\$68.20	0.60	0.01	\$0.68
Attach extracts of registration or licence to the relevant brief including printing plus ensure corroboration of details between extract and brief cover sheet including date of offence, registration number, owner details including any nomination. For the licence details check the licence number and driver's details (3 minutes)	\$68.20	3.00	0.05	\$3.41
Proportion of applications involves going and collecting the plea which involves a manual search for review and attach to brief, and updating on IRCMS (2 minutes 33% of the time)	\$68.20	0.66	0.01	\$0.75
Place brief of evidence (complied) in filing cabinet ready for the brief to be typed up (0.5 minutes)	\$68.20	0.50	0.01	\$0.57

Activity	Hrly charge out rate (a) <sup>106</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
Pick up brief of evidence and type up a mobile brief and check cover sheet and check original documents (e.g. whether it is a nomination) check licence number and check address details and enter details on TCO brief system. Get information from Operators setup notes and enter times and details in TCO brief system. Fill in witness details and exhibit details. Fill in tenders. Fill in summons section and make sure the licence is correct and go to reports section and prepare to type brief including manually filling in additional information form in the printed brief. Fill in the offence code in the charge and summons sheets. Fill in the statement to the operator and print brief. Get camera certificate from desk top and print four copies and authority card for the operator to say they are authorised to operate the speed measurement device and sergeant (authorised by chief commissioner of police) to check (see below) and print and photocopy all forms and put into brief (collate manually) Check the printed copy of the operators statement against the log to make sure nothing has been entered incorrectly an put details of operator on a spreadsheet so we know it is due back on a certain day from DJR and go to IRCMS and enter brief number and update status (statement forwarded to operator) and place in tray. Once ok then attach the signed statement to the full brief. (50 minutes 33.3% of the time)	\$68.20	16.67	0.28	\$18.95
Pick up brief of evidence and type up a fixed camera brief and check cover sheet and check original documents (e.g. whether it is a nomination) check licence number and check address details and enter details on TCO brief system. Fill in witness details and exhibit details. Fill in tenders. Fill in summons section and make sure the licence is correct and go to reports section and prepare to type brief including manually filling in additional information from within the printed brief. Fill in the offence code in the charge and summons sheets. Print brief. Get camera certificate and enter details on excel spreadsheet and print four copies and put into brief (collate manually) go to IRCMS and enter brief number and it goes for authorisation. (11 minutes 66.6% of the time)	\$68.20	11.00	0.18	\$12.50
Informant checks mobile brief for completeness and signs and dates all documents in the brief that are required (10	\$117.67	10.00	0.17	\$19.61

Activity	Hrly charge out rate (a) <sup>106</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
minutes)				
Authoriser then checks the documents and checks printed mobile camera brief (30 minutes 33.3% of the time)	\$117.67	30.00	0.50	\$58.84
Authoriser then checks the document and checks printed fixed camera brief (18 minutes 66.6% of the time)	\$117.67	18.00	0.30	\$35.30
Get court date to be processed by listing coordinator (10 minutes)	\$68.20	10.00	0.17	\$11.37
Section brief off and send out to prosecutor, accused, court, one for TCO (2 minutes)	\$68.20	2.00	0.03	\$2.27
<b>Total</b>		<b>112.23</b>	<b>1.87</b>	<b>\$175.40</b>



**Table A1.14: Total cost of court elections output per member issued matter (TCO)**

Activity	Hrly charge out rate (a) <sup>107</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
Receive election application plus correspondence. Locate infringement number on VIEW and check that the detailed information matches up with the infringement matter (name date of birth and licence number) (1 minute). Look at correspondence (50% of the time 1 minute extra). Print notice from Viewpoint and attach to the file if a copy was not sent (2 minutes extra 1% of the time). (1.52 minutes on average)	\$68.20	1.52	0.03	\$1.73
Check history on VIEW to see there is an internal review and by whom and when. Print the infringement information sheet and print infringement detail sheet and then collect both sheets. (2 minutes)	\$68.20	2.00	0.03	\$2.27
Type infringement number into IRCMS and find the infringement details there and open for processing (0.5 minutes)	\$68.20	0.50	0.01	\$0.57
Send out a letter if information is incomplete or in the case of paid or loss of licence outside of time (a denial letter is sent out) (0.10 minutes 5% of the time)	\$68.20	0.10	0.03	\$1.73
Send a letter to advise a person that they are going to court as well as the police member to get them to prepare a brief (put in police member's name VP number and station) Request infringement withdrawal notice and accept brief and give notice of withdrawal - print it out and ensure that is one page out and check address if different (20% of the time it is and requires an additional minute of work). (2.2 minutes 95% of the time)	\$68.20	2.09	0.002	\$0.11
Proportion of applications that have pleas are 50% that involves going and collecting the plea including photocopying including colour and any photos and put original back in the file and copy is added to the brief file. (3 minutes 50% of the time)	\$68.20	1.50	0.03	\$2.38
<b>Total</b>		<b>7.71</b>	<b>0.13</b>	<b>\$8.79</b>

<sup>107</sup> Based on VPS2 staff classification. All activities assume 1 staff member involved unless stated.

**Table A1.15: Total cost of court elections output per tolling issued matter (TCO)**

Activity	Hrly charge out rate (a) <sup>108</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
Receive request (election application plus correspondence). Locate infringement number on VIEW and check that the detailed information matches up with the infringement matter (name date of birth and licence number). Look at correspondence (50% of the time 1 minute extra). Print notice from Viewpoint and attach to the file if a copy was not sent (1% of the time with 2 minutes extra). (Total average of 1.53 minutes)	\$68.20	1.53	0.03	\$1.74
Check history on VIEW to see there is an internal review and who has done it and date it was done (prior work done in office). Print the infringement information sheet and print infringement detail sheet and then collect both sheets. (2 minutes)	\$68.20	2.00	0.03	\$2.27
Type infringement number into IRCMS and find the infringement details there and open it up to be processed (5 minutes)	\$68.20	0.50	0.01	\$0.57
Send out a letter if information is incomplete (2 minutes 5% of the time)	\$68.20	0.10	0.03	\$1.74
Send a letter to advise a person that they are going to court and order VicRoads Extracts (request infringement withdrawal notice) standard and special circumstances - accept brief and give notice of withdrawal - print it out and check address if different (20% of the time this is the case requiring an extra 1 minute of work) (Total average 2.2 minutes 95% of the time)	\$68.20	2.09	0.00	\$0.11
Proportion of applications that have pleas are 50% that involves going and collecting the plea including photocopying including colour and any photos and put original back in the file and copy is added to the brief file. (3 minutes 48% of the time)	\$68.20	1.43	0.00	\$0.11
Correspondence is sent to the tolling company which includes copy of all selective correspondence relative to their defence and compile those on excel spreadsheets (name rego, address, date of offence, infringement notice number, tolling plea, tolling point and nomination or not and scan the information and email to tolling companies (East Link and City Link) (3 minutes 95% of the time)	\$68.20	2.85	0.03	\$2.38

<sup>108</sup> Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate (a) <sup>108</sup>	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) =(a) x (c)
Pick up brief of evidence and type up a tolling camera brief and check cover sheet and check original documents (e.g. whether it is a nomination) check licence number and check address details and enter details on TCO brief system. Fill in witness details and exhibit details. Fill in tenders. Fill in summons section and make sure the licence is correct and go to reports section and prepare to type brief including manually filling in additional information from within the printed brief. Fill in the offence code in the charge and summons sheets. Print brief. Get camera certificate and enter details on excel spreadsheet and print four copies and put into brief (collate manually) go to IRCMS and enter brief number and it goes for authorisation. (22 minutes 95% of the time)	\$68.20	20.90	0.02	\$1.62
Informant checks brief for completeness and signs and dates all documents in the brief that are required (10 minutes 95% of the time)	\$117.67	9.50	0.16	\$18.63
Authoriser then checks the document and checks printed tolling brief (20 minutes 95% of the time)	\$117.67	19.00	0.32	\$37.26
Get court date to be processed by listing coordinator (10 minutes)	\$68.20	10.00	0.17	\$11.37
Section brief off and send out to prosecutor, accused, court, one for TCO (2 minutes)	\$68.20	2.00	0.03	\$2.27
<b>Total</b>		<b>71.90</b>	<b>0.83</b>	<b>\$80.08</b>

#### Additional data provided (TCO)

	2014-15	2013-14	Average	% of total court elections
No of court elections camera issued	14295	10542	12418.5	16.93%
No of court elections member issued	17259	14243	15751	21.47%
No of court elections tolling issued	50979	39409	45194	61.60%
Total court elections issued	82533	64194	73363.5	100.00%

	Raw per unit cost	% of total revocations and appeals	Weighted per unit cost
Per unit cost of court elections camera issued	\$161.04	16.93%	\$27.26
Per unit cost of court elections member issued	\$8.19	21.47%	\$1.76
Per unit cost of court elections tolling issued	\$73.44	61.60%	\$45.24

**Total weighted per unit cost per court election matter**

**\$80.91**

**Table A1.16: Total direct cost of processing PRNs (Councils)**

Activity	Hrly charge out	Weighted Min	Weighted Hrs	Automation
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	rate <sup>109</sup> (a)	required (b)	required (c) = (b)/60	Cost per PRN (d) =(a) x (c)
Run a batch cycle and pick up matters unpaid (30 minutes and an average of 639 <sup>110</sup> PRNs per day) plus VicRoads request for details of unpaid infringement notice vehicle's owners of \$4.00 per matter	\$100.57	0.047	0.0008	\$4.08
Check file data check and verify any mistakes in the suburb, postcode, surname, offence codes, offence amounts, balances etc. (17.5 minutes and an average of 639 PRNs per day)	\$100.57	0.027	0.0005	\$0.05
Zip the file and send through forms express and then lodged via external warehouse (5 minutes and an average of 639 PRNs per day)	\$100.57	0.008	0.0001	\$0.013
<b>Total</b>		<b>0.082</b>	<b>0.0014</b>	<b>\$4.14</b>

<sup>109</sup> Based on class 4 staff classification. All activities assume 1 staff member involved unless stated.

<sup>110</sup> Based on an average of 16,606 per month.

### A1.3 Activity Based Costing of registration output activities

Section A1.3 illustrates the detailed activities per output associated with the registration costs of matters for the enforcement agency and Fines Victoria. These include, pre- registration and post registration activities by the enforcement agency, and direct registration costs for Fines Victoria (i.e. providing portal support for registration of matters), as well as outsourced costs to the external provider. All times are weighted by the probability of an activity occurring within an output category. All costs represent the cost per infringement matter. Data is based on direct interviews with the Infringements Court and a large metropolitan city council whose activities are taken to be representative sample of an efficient cost base, as well as, the TCO and the Infringements Court. These costs are outlined in tables A1.17 to A1.21:

**Table A1.17: Total cost of providing portal support per registration of matter<sup>111</sup>**

Activity	Hrly charge out rate <sup>112</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Portal information and support provided by Fines Victoria to enforcement agencies. Total of 10 min/staff. Average of 0.01 min/matter 100% of time.	\$86.76	0.01	0.0002	\$0.014
<b>Total</b>		0.01	0.0002	<b>\$0.014</b>

<sup>111</sup> Based on 1,000 matters per tranche of activities (per registration of lodged matters).

<sup>112</sup> Based on VPS3 staff classification unless otherwise stated. All activities assume 1 staff member involved unless otherwise stated.

**Table A1.18: Total cost of pre-registration output per infringement matter (Councils)**

Activity	Hrly charge out rate <sup>113</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) =(a) x (c)
Email review team, finance team, prosecutions team and front line receptions team (1 minute per registration with an average of 6,623 matters) informing them that a temporary status list (called the prosecutions list) will be created (30 minutes per registration with an average of 6,623 matters) which parks all the matters ready to be registered and still allows people to pay but gives the agency the opportunity to put matters on hold prior to the preparation of the final file for registration.	\$100.57	0.005	0.0001	\$0.008
Prepare Fines Victoria report (i.e. court extract in report mode) (45 minutes per registration for an average of 6,623 matters)	\$100.57	0.007	0.0001	\$0.011
Finance team receives report informing them of the number of matters to be registered and puts through a requisition on the finance system to action payment via EFT to the Fines Victoria 30 minutes per registration for an average of 6,623 matters)	\$84.23	0.005	0.0001	\$0.006
Verify matters prior to registration to ensure that they meet criteria as set out by the Fines Victoria by undertaking a data sort and filtering against, for example, company status, interstate/overseas address etc. (240 minutes per registration for an average of 6,623 matters)	\$100.57	0.04	0.0006	\$0.061
Undertake a final data check and verification to ensure if there is no mistake in the suburb, postcode, surname, offence codes, offence amounts, balances etc. (180 minutes per registration for an average of 6,623 matters)	\$100.57	0.03	0.0005	\$0.046
Prepare registration forms (one for up to 5000 pins and one for remaining balance of pins + one for each category of infringement) including signature (15 minutes per registration for an average of 6,623 matters).	\$100.57	0.0023	0.0000	\$0.004
Burn files to a disk.	\$100.57	0.00013	0.000002	\$0.0002
<b>Total</b>		<b>0.06</b>	<b>0.0014</b>	<b>\$0.14</b>

<sup>113</sup> Based on Class 3 and Class 4 staff classification. All activities assume 1 staff member involved unless stated.

**Table A1.19: Total cost of post-registration output per infringement matter (Councils)**

Activity	Hrly charge out rate <sup>114</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) =(a) x (c)
Receive notices of enforcement cancellation as a result of review decision (general and special) with 90 days to opt into prosecution, Sort notices by date range, changing the status, placing a VicRoads request on the system, placing barcode on file and scanning (12 min/file with an average of 12 matters/file)	\$84.23	1.026	0.02	\$1.44
Review file, write notes and decide on course of action, which is to either withdraw enforcement action or proceed. This includes reviewing metres, photos, known users statement ordering from archives). (17.5 minutes per file with an average of 12 matters/file).	\$84.23	1.50	0.02	\$2.10
Cancellation of enforcement rejected or accepted by a coordinator and send out opt in or withdrawal notice (within 90 days).	\$116.59	13.13	0.22	\$25.50
Administration officer or prosecutor prints all the material in relation to the infringement notice, and prepares a case summary and compile the brief of evidence. (26.25 minutes 30% <sup>115</sup> of time/matter)	\$84.23	7.88	0.13	\$11.05
Administration officer or prosecutor prepares a court cover sheet and files the matter in the prosecutions cabinet. (3 minutes 30% of time/matter)	\$84.23	0.90	0.02	\$1.26
Prosecutor takes brief of evidence to court and undertakes pre-court conferencing with accused and prosecutes the matter in the courtroom. (30 minutes 30% of time/matter).	\$116.59	9.00	0.15	\$17.49
Prosecutor returns from court and completes data entry and filing. (10 minutes 30% of time/matter)	\$116.59	3.00	0.05	\$5.83
<b>Total</b>		<b>36.42</b>	<b>0.61</b>	<b>\$64.68</b>

**Additional data provided for post-registration activities (Councils)**

Files per month	100
Files per day	3.8
Matters per day	45
Matters per file	12
% of revocations by the Magistrates' Court (2013-14) <sup>116</sup>	29.1%
% of revocations by the Magistrates' Court (2012-13) <sup>117</sup>	30%
% of revocations by the Magistrates' Court (2011-12) <sup>118</sup>	30%

**Table A1.20: Total cost of post-registration output per infringement matter (tolling) (TCO)**

<sup>114</sup> Based on Class 3 and Class 5 staff classification. All activities assume 1 staff member unless stated.

<sup>115</sup> Based on the proportion of revocation activity undertaken by the Magistrate' Court which is typically 30%.

<sup>116</sup> DJR, Annual report on the infringements system, 2013-14.

<sup>117</sup> DJR, Annual report on the infringements system, 2012-13.

<sup>118</sup> DJR, Annual report on the infringements system, 2011-12.

Activity	Hrly charge out rate <sup>119</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) = (a) x (c)
Receive notices of enforcement cancellation with 90 days to opt in for prosecution. Sort notices by date range, changing the status, and decide to proceed or withdraw (16 minutes per enforcement cancellation notice with an average of 30 tolling matters 50% of the time)	\$117.67	8.00	0.13	\$15.69
PV them if a choice is made to withdraw (0.5 minutes 50% of the time)	\$68.20	0.25	0.00	\$0.28
PL them (an administrative process) plus construct letter 0.5 minutes. Check if address is correct to which 20% of the time it is not requiring an additional minute. (0.7 minutes on average 50% of the time)	\$68.20	0.35	0.01	\$0.40
Correspondence is sent to the tolling company which includes copy of all selective correspondence relative to their defence and compile those on excel spreadsheets (name rego, address, date of offence, infringement notice number, tolling plea, tolling point and nomination or not and scan the information and email to tolling companies (East Link and City Link) (3 minutes 50% of the time)	\$68.20	1.50	0.025	\$1.71
If decision is to proceed then pick up brief of evidence and type up a fixed tolling camera brief and check cover sheet and check original documents (e.g. whether it is a nomination) check licence number and check address details and enter details on TCO brief system. Fill in witness details and exhibit details. Fill in tenders. Make sure the licence is correct and go to reports section and type brief including manually filling in additional information form, within the printed brief. Print brief. Get camera certificate and enter details on excel spreadsheet and print four copies and put into brief (collate manually) go to IRCMS and enter brief number and it goes for authorisation. (42 minutes 50% of the time = 21 min)	\$68.20	21.00	0.35	\$23.87
Informant checks brief for completeness and signs and dates all documents in the brief that are required (10 minutes 50% of the time)	\$117.67	5.00	0.08	\$9.81
Authoriser then checks the document and checks printed brief (20 minutes 50% of the time)	\$117.67	10.00	0.17	\$19.61
Get court date and process by listing coordinator (10 minutes 50% of the time)	\$68.20	5.00	0.08	\$5.68

<sup>119</sup> Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.



<b>Activity</b>	<b>Hrly charge out rate<sup>119</sup> (a)</b>	<b>Weighted Min required (b)</b>	<b>Weighted Hrs required (c) = (b)/60</b>	<b>Cost per matter (d) =(a) x (c)</b>
Letter if tolling company chooses not to proceed (0.5 minutes 5% of the time)	\$68.20	0.03	0.00	\$0.03
Complete data entry and filing after court plus excel spreadsheet to tolling companies each month (3 minutes for an average of 30 matters 45% of the time)	\$68.20	1.35	0.02	\$1.53
<b>Total</b>		<b>46.10</b>	<b>0.77</b>	<b>\$78.61</b>

**Table A1.21: Total cost of post-registration output per infringement matter (camera or member issued) (TCO)**

Activity	Hrly charge out rate <sup>120</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) = (a) x (c)
Receive notices of enforcement cancellation and undertake an initial sort (30 minutes per stack of 20 notices received and 30 matters per notice)	\$68.20	0.05	0.001	\$0.06
Receive notices of enforcement cancellation with 90 days to op in prosecution. Sort notices by date range, change the status, and decide to proceed or withdraw (22 minutes on average 50% of the time)	\$117.67	11.00	0.183	\$21.57
Review enforcement cancellations on special circumstances grounds (supported with medical documentation) (1 minute 50% of the time)	\$117.67	0.50	0.008	\$0.98
PV them if opt in (without special circumstance) and update on IRCMS and print off letter to the accused. (1 minute 12% of the time)	\$117.67	0.12	0.002	\$0.24
PV them if opt in (with special circumstances) and update on IRCMS and print of letter to the accused. (2 minutes 5% of the time)	\$117.67	0.10	0.002	\$0.20
PV them if nomination and update on IRCMS. (0.5 minutes 3% of the time)	\$117.67	0.02	0.000	\$0.03
PL them (administrative process) and update in IRCMS plus provide letter. Check if address is correct to which 20% of the time it is not requiring an additional minute. (0.7 minutes on average 35% of the time)	\$68.20	0.25	0.004	\$0.28
Correspondence retained by TCO which includes copy of all selective correspondence relative to their defence and compile those on excel spreadsheets (name rego, address, date of offence, infringement notice number, plea, nomination or not and scan the information). (0.10 minutes 35% of the time)	\$68.20	0.12	0.002	\$0.13
Correspondence is sent to the member to prepare the brief which includes copy of all selective correspondence relative to their defence and compile those on excel spreadsheets (name rego, address, date of offence, infringement notice number, plea, nomination or not and scan the information and email to member where relevant plus correspondence after the court date has been confirmed. (15 minutes 35% of the time)	\$68.20	5.25	0.088	\$5.97
Pick up brief of evidence and type up a fixed or mobile brief and check cover sheet and check	\$68.20	16.80	0.28	\$19.10

<sup>120</sup> Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate <sup>120</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) = (a) x (c)
original documents (e.g. whether it is a nomination) check licence number and check address details and enter details on TCO brief system. Get information from Operators setup notes and enter times and details in TCO brief system. Fill in witness details and exhibit details. Fill in tenders. Fill in summons section and make sure the licence is correct and go to reports section and prepare to type brief including manually filling in additional information form, within the printed brief. Fill in the offence code in the charge and summons sheets. Fill in the statement to the operator and print brief. Get camera certificate from desk top and print four copies and authority card for the operator to say they are authorised to operate the speed measurement device and print and photocopy all forms and put into brief (collate manually). Check the printed copy of the operators' statement against the log to make sure nothing has been entered incorrectly and put details of operator on a spreadsheet so we know it is due back on a certain day from DOJ&R and go to IRCMS and enter brief number and update status (statement forwarded to operator) and place in tray. Once ok then attach the signed statement to the full brief. (Average of 48 minutes 35% of the time)				
Informant checks brief for completeness and signs and dates all documents in the brief that are required. (10 minutes 35% of the time)	\$117.67	3.50	0.06	\$6.86
Authoriser then checks the document and checks printed brief. (Average of 22 minutes 35% of the time)	\$117.67	7.70	0.13	\$15.10
Get court date to be processed by listing coordinator (10 minutes 80% of the time)	\$68.20	8.00	0.13	\$9.09
Complete data entry and filing after court plus excel spreadsheet to update results in the system in IRCMS (3 minutes for 30 matters 80% of the time)	\$68.20	2.40	0.04	\$2.73
<b>Total</b>		<b>45.35</b>	<b>0.76</b>	<b>\$82.34</b>

**Additional data provided for post-registration activities (TCO):**

	2014-15	2013-14	Average	% of total revocations (now

				enforcement cancellations)
No. revocations (now enforcement cancellations) considered for <i>tolling</i>	49,649	33,742	41,696	73.82%
No. revocations (now enforcement cancellations) considered for <i>camera</i>	11,012	7,588	9,300	16.47%
No. revocations (now enforcement cancellations) considered for <i>member issued infringements</i>	6,915	4,052	5,484	9.71%
<b>Total revocations (now enforcement cancellations) considered</b>	<b>67,576</b>	<b>45,382</b>	<b>56,479</b>	<b>100.00%</b>

	Raw per unit cost	% of total revocations (now enforcement cancellations)	Weighted per unit cost
Tolling issued revocations (now enforcement cancellations) considered	\$72.30	73.82%	\$53.38
Camera and member issued revocations (now enforcement cancellations) considered	\$75.78	26.18%	\$19.83

<b>Total weighted per unit cost of post registration</b>	<b>\$79.59</b>
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## A1.4 Activity Based Costing of enforcement output activities

Section A1.4 illustrates the detailed activities per output associated with the costs of enforcing an infringement matter by Fines Victoria – including those associated with: waiving or reducing costs or fees, corporate director liability, production of information, payment arrangements, charges over land and sale of real property, AOE, AOD, WDPs and enforcement reviews. All times are weighted by the probability of an activity occurring within an output category. All costs represent the cost per infringement matter. Data is based on direct interviews with Fines Victoria and activities are taken to be representative sample of an efficient cost base. These costs are outlined in tables A1.22 to A1.31:

**Table A1.22: Total cost to waive or reduce costs or fees per matter<sup>121</sup>**

Activity	Hrly charge out rate <sup>122</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Fines Victoria officer makes a decision as to whether or not to waive or reduce costs or fees. Total of 5 minutes per staff. Average of 0.47 minutes per matter 100% of the time.	\$103.55	0.47	0.0078	\$0.81
Input decision on system (make adjustments around waiving or reducing costs and fees) and notify debtor of decision to waive or reduce costs and fees. Total of 2 minutes per staff. Average of 0.19 minutes per matter 100% of the time.	\$103.55	0.19	0.0031	\$0.32
Escalation to manager (team leader) or matters outside normal decisions. Total of 10 minutes per staff. Average of 0.94 minutes per matter 10%* of the time (VPS5)	\$103.55	0.09	0.0016	\$0.16
Escalation to above team leader for policy and legal advice or senior manager review. Total of 20 minutes per staff. Average of 1.87 minutes per matter 5%* of the time (VPS6)	\$123.54	0.09	0.0016	\$0.19
<b>Total</b>		<b>0.842</b>	<b>0.014</b>	<b>\$1.48</b>

\* Based on advice from DJR

### Additional data provided for waivers or reduction of costs or fees:

Average matters per waiver or reduction of costs or fees	10.7
Annual projection of matters	7,700 <sup>123</sup>

<sup>121</sup> Based on 10.7 matters per tranche of activities.

<sup>122</sup> Based on VPS4 staff classification unless otherwise stated. All activities assume 1 staff member involved unless otherwise stated.

<sup>123</sup> Based on 720 cost variations provided by the Infringements Court in 2013-14 x 10.7 matters per cost variation.

**Table A1.23: Total cost of corporate director liability per matter<sup>124</sup>**

Activity	Hrly charge out rate <sup>125</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Making a decision as to whether they want to pursue the director. Total of 30 minutes per staff. Average of 1.5 minutes per matter 100% of the time.	\$103.55	1.50	0.025	\$2.59
Secure information from ASIC (Compare details form ASIC and compare with Fines Victoria details on system) - link record of the director/s to the company. Total of 20 minutes per staff. Average of 1 minute per matter 90%* of the time.	\$103.55	0.90	0.015	\$1.55
Decide to deregister the fine. Total of 30 minutes per staff. Average of 1.5 minutes per matter 40%* of the time.	\$103.55	0.60	0.010	\$1.04
Confirm director liability. Total of 2 minutes per staff. Average of 0.10 minutes per matter 60%* of the time.	\$103.55	0.06	0.001	\$0.10
Serve the notice on the director/s by Sheriff. Total of 15 minutes per staff. Average of 0.75 minutes per matter 60%* of the time (2 Senior Sheriff's officers)	\$103.55	0.45	0.0075	\$1.55
Receive a copy of application from director to not be declared liable and associate it with the director record and suspend enforcement against that director and await advice. Total of 10 minutes per staff. Average of 0.5 minutes per matter 10%* of 60%* (i.e. 6%) of the time.	\$103.55	0.03	0.0005	\$0.05
Outcome of hearing received and processed (decision recorded to find company etc.) and notify applicant of their positive outcome or notify the director of liability with a notice of final demand. Total of 10 minutes per staff. Average of 0.5 minutes per matter 10%* of 60%* (i.e. 6%) of the time.	\$103.55	0.03	0.0005	\$0.05
Recover registered fine as corporate debt - through civil proceedings with ASIC with the intent to have corporate de-registered by ASIC. Total of 480 minutes per staff. Average of 24 minutes per matter 10%* of 60%* (i.e. 6%) of the time.	\$103.55	1.44	0.024	\$2.49
Escalation to manager (team leader) or matters outside normal decisions. Total of 10 minutes per staff. Average of 0.94 minutes per matter 10%* of the time (VPS5)	\$123.54	0.05	0.0008	\$0.10
Escalation to above team leader for policy and legal advice or senior manager review. Total of 20 minutes per staff. Average of 1.87 minutes per matter 5%* of the time (VPS6)	\$159.96	0.05	0.0008	\$0.13
<b>Total</b>		<b>5.11</b>	<b>0.09</b>	<b>\$9.66</b>

\* Based on advice from DJR

**Additional data provided for corporate director liability:**

Average matters per court director liability	20
Annual projection of matters	50,000 <sup>126</sup>

**Table A1.24: Total cost of direction for production of information (offender to produce information) per matter<sup>127</sup>**

<sup>124</sup> Based on 20 matters per tranche of activities.

<sup>125</sup> Based on VPS4 staff classification unless otherwise stated. All activities assume 1 staff member involved unless otherwise stated.

<sup>126</sup> Provided by DJR and based on estimated 2,500 corporate directors declared personally liable for the registered fines of a body corporate per annum x 20 matters per declaration.

Activity	Hrly charge out rate <sup>128</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Perform system validations regarding eligibility for the production direction. Total of 10 minutes per staff. Average of 0.94 minutes per matter 100% of the time	\$86.76	0.94	0.0156	\$1.35
Make the direction and issue correspondence. Total of 1 minute per staff. Average of 0.94 minutes per matter 100% of the time.	\$86.76	0.94	0.0156	\$1.35
Receive and validate information on written form. Total of 6 minutes per staff. Average of 0.56 minutes per matter 90%* of the time.	\$86.76	0.50	0.0084	\$0.73
Attend interview and validate information. Total of 30 minutes per staff. Average of 5.6 minutes per matter 10%* of the time.	\$86.76	0.56	0.0094	\$0.81
Apply for summons for oral examination with Magistrates' Court where person has failed to supply information. Total of 6 minutes per staff. Average of 1.87 minutes per matter 2%* of the time.	\$86.76	0.04	0.0006	\$0.05
Receive results of SOE and enter the results in the systems. Total of 3 minutes per staff. Average of 0.47 minutes per matter 2%* of the time.	\$86.76	0.01	0.0002	\$0.01
Escalation to manager (team leader) or matters outside normal decisions. Total of 10 minutes per staff. Average of 0.94 minutes per matter 10%* of the time (VPS5)	\$123.54	0.09	0.0016	\$0.19
Escalation to above team leader for policy and legal advice or senior manager review. Total of 20 minutes per staff. Average of 1.87 minutes per matter 5%* of the time (VPS6)	\$159.96	0.09	0.0016	\$0.25
<b>Total</b>		<b>3.2</b>	<b>0.1</b>	<b>\$4.75</b>

\* Based on advice from DJR

**Additional data provided for production of information:**

Average matters per Production of Information	10.7
Annual projection of matters	64,169 <sup>129</sup>

**Table A1.25: Total cost of payment arrangement application per matter<sup>130</sup>**

<sup>127</sup> Based on 10.7 matters per tranche of activities.

<sup>128</sup> Based on VPS3 staff classification unless otherwise stated. All activities assume 1 staff member involved unless otherwise stated.

<sup>129</sup> Provided by DJR and based on estimated 6,000 directions to debtors for production of information per annum and 10.7 matters per direction.

<sup>130</sup> Based on 10.7 matters per tranche of activities.

Activity	Hrly charge out rate <sup>131</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Correspondence that comes into service provider that service provider is unable to categorise and therefore Fines Victoria has to add it on the system (look up the person to see if there are any separate files and link them (e.g. there might be different IDs that can't be matched up), enrol on payment arrangement system, go into system and select matters for enrolment, put in the frequency of the amount that they are requesting per fortnight or month and set it to a pending status, and, if applicable, if there are centre pay requirements as well, Fines Victoria need to flag it on system). Total of 3 min/staff. Average of 0.28 min/matter 15%* of the time	\$86.76	0.04	0.001	\$0.06
Contact the applicant requesting additional information if required. Total of 10 minutes per staff. Average of 0.94 minutes per matter 5%* of the time	\$86.76	0.05	0.001	\$0.07
Look at the file on the system sent by Service provider (look at default history, payment frequency requested, ensure correct debtor, ensure matters requested have been enrolled in the payment plan correctly, any sanctions on file, assessing the application and including proposed payment arrangement). Total of 6 minutes per staff. Average of 0.56 minutes per matter 100% of the time	\$86.76	0.56	0.009	\$0.81
Receive counter proposal for payment arrangement from debtor and consideration of counter proposal. Total of 6 minutes per staff. Average of 0.56 minutes per matter 20%* of the time	\$86.76	0.11	0.002	\$0.16
If refused the Fines Victoria officer must provide an entry on the system, the reason for refusal. Total of 1 min/staff. Average of 0.09 min/matter 46%* of the time	\$86.76	0.04	0.001	\$0.06
Assess the application for eligibility to remove or vary costs (investigating the grounds and corroborating what the details of the application). Total of 12 minutes per staff. Average of 1.12 minutes per matter 100% of the time	\$86.76	1.12	0.019	\$1.62
Granting cost removal or variance (write a decision sheet on all matters and process it on the system manually for each obligation plus privacy checks to ensure eligibility). Total of 12 minutes per staff. Average of 1.12 minutes per matter 35%** of the time	\$86.76	0.39	0.007	\$0.57
Refusal of cost variation through payment arrangement application from with a system letter to the debtor provided. Total of 5 minutes per staff. Average of 0.47 minutes per matter 65%*** of the time	\$86.76	0.30	0.005	\$0.44
Liaise with enforcement agencies about what fines are outside the VIEW system. Total of 10 minutes per staff. Average of 0.94 minutes per matter 10%* of the time.	\$86.76	0.23	0.004	\$0.34
Liaise with courts regarding conditions on fines. Total of 10 minutes per staff. Average of 0.94 minutes per matter 10%* of the time.	\$86.76	0.23	0.004	\$0.34

<sup>131</sup> Based on VPS3 staff classification unless otherwise stated. All activities assume 1 staff member involved unless otherwise stated.



Activity	Hrly charge out rate <sup>131</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Escalation to manager (team leader) or matters outside normal decisions. Total of 10 min/staff. Average of 0.94 minutes per matter 10%* of the time (VPS5)	\$123.54	0.09	0.0016	\$0.19
Escalation to above team leader for policy and legal advice or senior manager review. Total of 20 min/staff. Average of 1.87 min/matter 5%* of the time (VPS6)	\$159.96	0.09	0.0016	\$0.25
<b>Total</b>		<b>3.28</b>	<b>0.05</b>	<b>\$4.91</b>

\* Based on advice from DJR. \*\* Based on proportion of granted matters (as a percentage of former applications for revocation) – used as a proxy on advice from DJR. \*\*\* Balance of 35% (out of 100%)

**Additional data provided for payment arrangements:**

Average matters per payment arrangement	10.7
Variations to costs (Based on variations from revocations granted)	35%
Annual projection of matters	336,192 <sup>132</sup>

<sup>132</sup> Based on payment orders dealt by Infringements Court 2015-16.

**Table A1.26: Total cost of charges over land and sale of real property per matter<sup>133</sup>**

Activity	Hrly charge out rate <sup>134</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Fines Victoria officer makes determination of eligibility to proceed (e.g. how much is outstanding). Total of 2 min/staff. Average of 0.19 minutes per matter 100% of the time	\$103.55	0.19	0.0031	\$0.32
Go to titles register and do a search on debtor to see if any land in the name of the debtor and record co-ownership, address other details and prepare a notice of intention to charge land to the Sheriff's officer. Total of 20 minutes per staff. Average of 1.87 minutes per matter 98%* of time	\$103.55	1.83	0.0305	\$3.16
Sheriff will serve the notice on the debtor. Total of 15 min/staff. Average of 1.4 min/matter 50% of 98% (i.e. 49%) of the time (2 Senior Sheriff's officers)	\$103.55	0.69	0.0115	\$2.37
Receive confirmation of charge over land recorded and put into system. Total of 5 minutes. Average of 0.47 min/matter 20% of 49% (i.e. 10%) of time.	\$103.55	0.05	0.0008	\$0.08
Remove land charge (e.g. due to ombudsman complaint). Total of 15 min/staff. Average of 1.4 min/matter 20% of 10% (i.e. 2%) of the time.	\$103.55	0.03	0.0005	\$0.05
Confirm eligibility to proceed with notice of intention to sell charged land (search if body corporate to make sure they were not deregistered since the land charge has been recorded). Total of 120 min/staff. Average of 11.22 minutes per matter 0.5%* of the time.	\$103.55	0.06	0.0009	\$0.10
Notify the legal officer of the eligibility to proceed with the notice of intention to sell land. Total of 30 minutes per staff. Average of 2.81 minutes per matter 0.5%* of the time.	\$103.55	0.01	0.0002	\$0.02
Fines Victoria officer makes investigation and update and reflect against record on the system that they are proceeding with the sale process (including seeking legal advice) - see below. Writing memo. Total of 240 min/staff. Average of 22.44 min/matter 0.5%* of the time. (VPS5 staff)	\$123.54	0.11	0.0019	\$0.23
Authorise a memo including meeting. Total of 60 minutes per staff. Average of 5.61 minutes per matter 0.5%* of the time. (VPS6 staff)	\$159.96	0.03	0.0005	\$0.07
Approval. Total of 60 minutes per staff. Average of 5.61 minutes per matter 0.5%* of the time. (3 Executive officers).	\$290.93	0.03	0.0005	\$0.41
Notice of intention to serve the sale of charged land needs to be served. Total of 15 minutes per staff per staff. Average of 1.4 minutes per matter 0.5%* of the time. (2 Senior Sheriff's officers)	\$103.55	0.01	0.0001	\$0.02
Fines Victoria officer will make an application to the Supreme Court for a land sale order. Total of 120 minutes per staff. Average of 11.22 minutes per matter 0.25% of the time (VPS5 Staff)	\$123.54	0.03	0.0005	\$0.06

<sup>133</sup> Based on 10.7 matters per tranche of activities.

<sup>134</sup> Based on VPS4 staff classification unless otherwise stated. All activities assume 1 staff member involved unless otherwise stated.

Activity	Hrly charge out rate <sup>134</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Representation in court hearing. Total of 240 minutes per staff. Average of 22.44 minutes per matter 0.25% of the time (VPS5 Staff)	\$123.54	0.06	0.0009	\$0.12
Escalation to manager (team leader) or matters outside normal decisions. Total of 10 min/staff. Average of 0.94 min/matter 10%* of the time (VPS5)	\$123.54	0.09	0.0016	\$0.19
Escalation to above team leader for policy and legal advice or senior manager review. Total of 20 min/staff. Average of 1.87 min/matter 5%* of the time (VPS6)	\$159.96	0.09	0.0016	\$0.25
<b>Total</b>		<b>3.30</b>	0.055	<b>\$7.46</b>

\*On advice from DJR

**Additional data provided for charges over land and sale of real property:**

Average matters per payment arrangement	10.7
Sale costs	\$0 <sup>135</sup>
Annual projection of matters	1,069 <sup>136</sup>

<sup>135</sup> Negligible according to DJR from a broader enforcement fee perspective.

<sup>136</sup> Based on advice from DJR and an estimated 100 notices of intention to charge land generated and served per annum with around 10.7 matters per notice. Negligible from a broader enforcement fee perspective.

**Table A1.27: Total cost of AOE (Attachment of Earnings) or AOD (Attachment of Debt) directions per matter<sup>137</sup>**

Activity	Hrly charge out rate <sup>138</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Application comes into Fines Victoria, to process (look up of the person to see if there are any separate files and link them (e.g. there might be different IDs that can't be matched up), go into system and select matters for enrolment, assess their earnings capacity and eligibility (i.e. are they employed etc.) and set it to a pending status. Total of 10 minutes per staff. Average of 0.94 minutes per matter 100% of the time.	\$103.55	0.94	0.01558	\$1.61
Contact the applicant requesting additional information if required. Total of 10 minutes per staff. Average of 0.94 minutes per matter 80%* of the time.	\$103.55	0.75	0.01247	\$1.29
Assessment of the application (further assessing the eligibility) and making a determination of whether or not an attachment of earnings direction will be made. Total of 30 minutes per staff. Average of 2.81 minutes per matter 100% of the time.	\$103.55	2.81	0.04675	\$4.84
Record outcome if granted and create the direction on the system (Frequency, employer details etc.) (Correspondence generated automatically). Total of 5 minutes per staff. Average of 0.47 minutes per matter 80%* of the time.	\$103.55	0.37	0.00623	\$0.65
Record outcome if refused the Fines Victoria officer must provide an entry on the system the reason for refusal (Correspondence generated automatically). Total of 5 minute per staff. Average of 0.47 minutes per matter 20%* of the time.	\$103.55	0.09	0.00156	\$0.16
Receive/Create and assess the application for eligibility to suspend a direction or cancel a direction or vary the terms and conditions of the order + adding new matters and determination. Total of 30 minutes per staff. Average of 2.81 minutes per matter 25%* of the time.	\$103.55	0.70	0.01169	\$1.21
Granting suspension, cancellation of directions or variance of terms (including system generated letter to applicant). Total of 5 minutes per staff. Average of 0.47 minutes per matter 80%* of 25%* (i.e. 20%) of the time.	\$103.55	0.09	0.00156	\$0.16
Refusal of suspension, cancellation of direction or variation of terms of application with a system letter to the applicant provided. Total of 5 minute per staff. Average of 0.47 minutes per matter 20%* of 25%* (i.e. 5%) of the time.	\$103.55	0.02	0.00039	\$0.04
Hardship application received and processed by Fines Victoria officer (assess eligibility and record and update details) Total of 5 minutes per staff. Average of 0.47 minutes per matter 5%* of the time.	\$103.55	0.02	0.00039	\$0.04
Contact the applicant requesting additional information if	\$103.55	0.04	0.00062	\$0.06

<sup>137</sup> Based on 10.7 matters per tranche of activities.

<sup>138</sup> Based on VPS4 staff classification unless otherwise stated. All activities assume 1 staff member involved unless otherwise stated.

Activity	Hrly charge out rate <sup>138</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
required. Total of 10 minutes per staff. Average of 0.94 minutes per matter 80%* of 5%* (i.e. 4%) of the time.				
Assessment of the application (further assessing the eligibility) and making a determination of whether or not the dispute of liability application will be approved. Total of 30 minutes per staff. Average of 2.81 minutes per matter 5%* of the time.	\$103.55	0.14	0.00234	\$0.24
Record outcome if granted vary or cancel the direction (Correspondence generated automatically). Total of 5 minutes per staff. Average of 0.47 minutes per matter 80%* of 5%* (i.e. 4%) of the time.	\$103.55	0.02	0.00031	\$0.03
Record outcome if refused the Fines Victoria officer must provide an entry on the system the reason for refusal (Correspondence generated automatically). Total of 5 minute per staff. Average of 0.47 minutes per matter 20%* of 5%* (i.e. 1%) of the time.	\$103.55	0.00	0.00008	\$0.008
Investigate reasons for noncompliance of the AOE or AOD. Total of 30 minutes per staff. Average of 2.81 minutes per matter 20%* of the time	\$103.55	0.56	0.00935	\$0.968
Consideration of exceptions (enforcement review approval which is a cancellation of the infringement notice and adjustment of AOE or AOD on the system (e.g. cancellation or removal of a matter or variation of terms). Total of 5 minutes per staff. Average of 0.47 minutes per matter 5%* of the time	\$103.55	0.02	0.00039	\$0.040
Escalation to manager (team leader) or matters outside normal decisions. Total of 10 min/staff. Average of 0.94 min/matter 10%* of the time (VPS5)	\$123.54	0.09	0.0016	\$0.19
Escalation to above team leader for policy and legal advice or senior manager review. Total of 20 min/staff. Average of 1.87 min/matter 5%* of the time (VPS6)	\$159.96	0.09	0.0016	\$0.25
<b>Total</b>		<b>6.58</b>		<b>\$11.36</b>

\*On advice from DJR

**Additional data provided for AOE and AOD directions:**

Average matters per direction	10.7
Annual projection of matters	1,069 <sup>139</sup>

<sup>139</sup> Based on advice from DJR and an estimated 100 notices of intention to charge land generated and served per annum with around 10.7 matters per notice.

Table A1.28 illustrates the individual activities involved as part of the new area of WDPs. WDPs are designed to “allow a person with special circumstances or who is experiencing acute financial hardship, and who has been served with an infringement notice, to deal with fines by non-monetary means, including by participating in rehabilitative and therapeutic programs, education activities or community work.”<sup>140</sup>

**Table A1.28: Total cost of processing WDP applications for Fines Victoria per matter**

Activity	Staff type
Operations team will handle general queries from sponsor and public	VPS3
Operations team will process (including assessment) accreditation applications from potential sponsors	VPS4
Operations team will process (including assessment) variation of accreditation applications from potential sponsors	VPS4
Process surrender of accreditation	VPS4
Process renewal of accreditation	VPS4
Process revocation or cancellation of accreditation	VPS5
Provide training for sponsors (including maintaining and revising content including video)	VPS4
Handle paid or withdrawn fine	VPS3
Complaint handling from sponsor or participants	VPS4
Account management with sponsors	VPS5
Liaising with enforcement agency regarding matters	VPS5
Evaluation of the WDP scheme (quantitative and qualitative)	VPS4
Ops team will monitor the sponsors including spot checks	VPS5
Follow up with application of WDPs for large amounts and provide advice to the nominated sponsor organisation	VPS4
Follow up call and email reminder to the sponsor to record activity	VPS3
Follow up with application of WDPs for large amounts and provide advice to the nominated sponsor organisation with new matters incurred	VPS4
Follow up correspondence with sponsor in the case of potential default by the participant	VPS4
Follow up correspondence with WDP coming up to end date with positive balance still owing in order for sponsor to exercise options	VPS4
Follow up correspondence with sponsor in the case of potential default by the participant	VPS4
Transfer of WDP to another organisation (close and reassign the account to another sponsor)	VPS5
Review a request for suspension	VPS5

The cost per matter involving WDPs is calculated using a top down approach given that the activities shown in table A1.28 reflect not just those affecting offenders but also sponsor agencies in terms of activities such as accreditation applications and spot checks which are not directly related to the number of matters being processed. The cost of WDPs per matter is estimated by considering the following population data:

- average no. WDP clients per sponsor = 17
- average no. matters (fines)<sup>141</sup> per WDP client = 10.7
- average matters per sponsor = 182
- number of sponsors 5 years in (estimated)<sup>142</sup> = 1,160
- total matters per over 5 years in (estimated)<sup>143</sup> = 210,974
- total matters per annum = 42,195

<sup>140</sup> See [http://www.lawhandbook.org.au/03\\_01\\_00\\_fines\\_and\\_infringements/](http://www.lawhandbook.org.au/03_01_00_fines_and_infringements/) (Accessed 06\_12\_2016)

<sup>141</sup> \$2000 of fines on average which works out to be around 10 matters.

<sup>142</sup> 77% of no. WDO sponsors in NSW after 5 years of operation (pro rata based on ratio of population of Victoria to NSW).

<sup>143</sup> Average matters per sponsor (182) x No. of sponsors 5 years in (estimated 1,160) – involves rounding error.

The total annual budget for processing WDP applications is given as **\$1,825,479** as shown in table A1.29. Based on the total annual budget for processing applications and 42,195 matters per annum, it is estimated the cost of WDP application processing is **\$43.26** per matter.

**Table 1.29: Total budget for processing WDP applications**

Category of staff	Number of staff (FTE)	Annual salary	Annual salary with on /overhead costs	Total annual cost
Help Line Staff (VPS3)	4	\$72,752	\$151,494	\$605,976.22
Analysts (VPS4)	4	\$86,829	\$180,807	\$723,228.35
Stakeholder manager (VPS5)	1	\$103,720	\$215,980	\$215,979.81
Team manager (VPS6)	1	\$134,606	\$280,295	\$280,294.82
<b>Total</b>		<b>\$397,907</b>	<b>\$828,576</b>	<b>\$1,825,479</b>

**Table A1.30: Total cost of processing driver and vehicle enforcement sanctions for Fines Victoria per matter**

Activity	Hrly charge out rate <sup>144</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Determination of appropriate sanction to apply (reviewing list). Total of 1 min/staff/matter 100%* of the time.	\$86.76	1.00	0.017	\$1.45
Liaise with VicRoads with relation to data quality. Total of 60 min/staff. Average of 5.61 min/matter 10%* of the time.	\$103.55	0.56	0.009	\$0.97
Escalation to a more senior role to deal with matters that are outside the automated process. Total of 60 min/staff. Average of 5.61 min/matter 10%* of the time.	\$123.54	0.56	0.009	\$1.15
Removal of sanction consideration. Total of 60 min/staff/matter 0.02%** of the time.	\$290.93	0.01	0.000	\$0.06
<b>Total cost per matter</b>		<b>2.13</b>	<b>0.04</b>	<b>\$3.57</b>

\*On advice from DJR

\*\* 1 in 5,000 matters based on advice from DJR

**Additional data provided for driver and vehicle enforcement sanctions:**

Average matters per enforcement sanction	10.7
Annual projection of matters	2,675,000 <sup>145</sup>

<sup>144</sup> All activities assume 1 staff member involved unless stated.

<sup>145</sup> Based on advice from DJR and an estimated 250,000 sanctions per annum with around 10.7 matters per sanction.

**Table A1.31: Total cost of processing enforcement reviews<sup>146</sup> for Fines Victoria per matter<sup>147</sup>**

Activity	Hrly charge out rate <sup>148</sup> (a)	Weighted Minutes per matter (b)	Weighted Hrs per matter (c) = (b)/60	Cost per matter (d) = (a) x (c)
Applications for an enforcement review are received by Fines Victoria officer assesses each application and grounds for enforcement review (other than special circumstances). Total of 60 min/staff. Average of 12.7 min/matter 86.13%* of the time.	\$86.76	10.975	0.1829	\$15.87
Applications for an enforcement review are received by Fines Victoria officer assesses each application and grounds for enforcement review (special circumstances). Total of 120 min/staff. Average of 3.8 min/matter 13.87%** of the time.	\$86.76	0.520	0.0087	\$0.75
The application might not have sufficient evidence send back to applicant so draft a letter and generate correspondence automatically (other than special circumstances). Total of 20 min/staff. Average of 4.2 min/matter 25.84%*** of the time.	\$86.76	1.098	0.0183	\$1.587
The application might not have sufficient evidence send back to applicant so draft a letter and generate correspondence automatically (special circumstances). Total of 20 minute per staff. Average of 0.63 min/matter 5.37%**** of the time.	\$86.76	0.034	0.00056	\$0.049
Grant a cancellation of the enforcement of the infringement fine and referred back to enforcement agency (other than special circumstances). Total of 5 minute per staff. Average of 1.1 minutes per matter 3.7%^ of the time.	\$86.76	0.039	0.0007	\$0.06
Grant a cancellation of the enforcement of the infringement fine and referred back to enforcement agency (special circumstances). Total of 5 min/staff. Average of 0.16 min/matter 3.4%^ of the time.	\$86.76	0.005	0.00009	\$0.0077
Refusal of each application by Fines Victoria (confirm decision of enforcement agency to serve an infringement notice). Total of 60 minute per staff. Average of 12.7 min/matter 86.6%^^ of the time.	\$86.76	11.035	0.1839	\$15.96
Generation of 'enforcement and payment report' for the MCV (when enforcement agency wants to charge and summons). Total of 5 minutes per staff. Average of 1.1 minutes per matter 10%* of the time	\$86.76	0.106	0.0018	\$0.15
Escalation to manager (team leader) or matters outside normal decisions. Total of 10 min/staff. Average of 0.94 min/matter 10%* of	\$123.54	0.23	0.0038	\$0.46

<sup>146</sup> Including person unaware.

<sup>147</sup> There will also be the activity of Generation of 'enforcement and payment report' for the MCV (when enforcement agency wants to charge and summons) however DJR note that ideally this will be an automated system function (whereby the enforcement agency will input its decision directly into the system (i.e. internal/resident enforcement agency is already a system user or external enforcement agency via Web Portal).

<sup>148</sup> Based on VPS3 staff classification. All activities assume 1 staff member involved unless stated.



the time (VPS5)				
Escalation to above team leader for policy and legal advice or senior manager review. Total of 20 min/staff. Average of 1.87 min/matter 5%* of the time (VPS6)	\$159.96	0.23	0.0038	\$0.60
<b>Total cost per matter</b>		<b>23.81</b>	<b>0.3969</b>	<b>\$34.43</b>

\* The % of former revocation applications = 86.13%

\*\* The % of former Special Circumstances revocation applications = 13.87%

\*\*\* 30% x % of former revocation applications (86.13%)

\*\*\*\* % of former Special Circumstances revocation applications (13.87%) x % of total Special Circumstance revocation applications sent back (38.72%)

^ % of former revocation applications (86.13%) x % Granted matters and grants cancelled (8.84%) x % of daily applications for general revocation granted or grant cancelled (48.53%)

^^ % of former Special Circumstances revocation applications (13.87%) x % of total matters considered which are granted matters (24.54%)

^^^ % of matters for general revocation (or those matters not meeting criteria under special circumstances) refused (91.16%) x % of refusals by registrar (95%)

## A1.5 Activity Based Costing of warrant output activities

Section A1.5 illustrates the detailed activities per output associated with the issue and serving of an enforcement warrant, and warrant enforcement costs. All times are weighted by the probability of an activity occurring within an output category. All costs represent the cost per infringement matter. Data is based on survey response from the Sheriff's Office whose activities are taken to be representative sample of an efficient cost base. These costs are outlined in tables A1.32 and A1.33 for warrant issue/serving and warrant enforcement, respectively.

**Table A1.32: Total cost of issuing and serving a warrant per matter (excl. outsourced costs)**

Activity	Hrly charge out rate <sup>149</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) = (a) x (c)
<b>Initial contact with defendants</b>				
Preparation of warrant (15 minutes)	\$86.76	15.00	0.25	\$21.69
Calling at warrant address (Serve seven-day notice and payment demand) (15 minutes 91.38%* of the time - (see additional data provided for percentages)	\$103.55	13.71	0.228	\$23.66
Road block (Serve seven-day notice and payment demand) (10 minutes 11.04%** of the time)	\$103.55	1.10	0.018	\$1.91
Street sweep (Serve seven-day notice and payment demand) (10 minutes 11.04%** of the time)	\$103.55	1.10	0.018	\$1.91
Wheel clamping operation (Serve seven-day notice and payment demand) (10 minutes 11.04%** of the time)	\$103.55	1.10	0.018	\$1.91
Application for payment arrangement (20 minutes 2.66%*** of the time)	\$103.55	0.53	0.009	\$0.92
<b>Total</b>		<b>32.55</b>	<b>0.543</b>	<b>\$51.98</b>

\* % of unpaid matters (857,910) of warrants actioned (938,854) (2013-14)

\*\* % of special operations (103,678 in 2011-12 (see Victorian Ombudsman, *Own motion investigation into unenforced warrants*, August 2013, p.33) of warrants actioned (938,854) (2013-14)

\*\*\* % of applications for payment orders (25,002) of warrants actioned (938,854) (2013-14)

<sup>149</sup> Based on a Senior Sheriff's Officer and Operations Officer (taken to be at the VPS5 and VPS4 levels, respectively) staff classification except for preparation of warrant (VPS3). All activities assume 2 staff members involved except for preparation of a warrant.

**Table A1.33: Total cost of warrant enforcement per matter**

Activity	Hrly charge out rate <sup>150</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) = (a) x (c)
<b>Sanctions</b>				
<b>Wheel clamping</b>				
Clamp vehicle (Apply clamp, Complete wheel clamping listing sheet, Attach stickers to vehicle) (20 minutes 13.52%* of the time)	\$103.55	2.70	0.045	\$4.67
Return to vehicle to remove clamp (10 minutes 11.91%** of the time)	\$103.55	1.19	0.020	\$2.06
<b>Detain vehicle</b>				
Arrange towing, Wait for tow truck, Load tow truck, Wheel clamping listing sheet, Warrant action sheet, Vehicle inspection report, Local purchase order form, Seizure form, Statutory declaration, Submit forms to head office (90 minutes 1.33%*** of the time)	\$103.55	1.20	0.020	\$2.06
<b>Seizure and removal of assets</b>				
Seizure and removal (Arrange contractors, Wait for truck, Load truck, Warrant action sheet, Vehicle inspection report, Local purchase order form, Seizure form, Statutory declaration, Submit forms to head office) (90 minutes 0.48%^ of the time)	\$103.55	0.43	0.007	\$0.74
<b>Sale of assets</b>				
<b>Detained vehicle</b>				
Initial File Preparation (15 minutes 1.33%*** of the time)	\$103.55	0.20	0.003	\$0.34
Prepare file for auction (Seizure documents, Vehicle evaluation, Letters of demand, Prepare advertisements, Seek approval from Deputy Sheriff) (40 minutes 1.33%*** of the time)	\$103.55	0.53	0.009	\$0.92
Disbursement/Auction result (Receive auction reconciliation statement, Receive IMES bank statement, Disbursement against each warrant less costs on VIEW) (30 minutes 1.33%*** of the time)	\$103.55	0.40	0.007	\$0.69
Closing/Archiving (Update VIEW and SAAS databases, Scan and TRIM file, Forward hardcopy file to archive) (20 minutes 1.33%*** of the time)	\$103.55	0.27	0.004	\$0.46
<b>Seized property</b>				
Prepare file for auction (Vehicle evaluation, Letters of demand, Prepare advertisements, Seek approval from Deputy Sheriff) (15 minutes 0.48%^ of the time)	\$103.55	0.07	0.001	\$0.12
Prepare file for auction (Seizure documents, Vehicle evaluation, Letters of demand, Prepare advertisements, Seek approval from Deputy Sheriff) (40 minutes 0.48%^ of the time)	\$103.55	0.19	0.003	\$0.33
Disbursement/Auction result (Receive auction	\$103.55	0.14	0.002	\$0.25

<sup>150</sup> Based on a Senior Sheriff's Officer and Operations Officer (taken to be at the VPS5 and VPS4 levels, respectively) staff classification. All activities assume 2 staff members involved except for sale of assets and third party claims.

Activity	Hrly charge out rate <sup>150</sup> (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter (d) = (a) x (c)
reconciliation statement, Receive IMES bank statement, Disbursement against each warrant less costs on VIEW) (30 minutes 0.48%^ of the time)				
Closing/Archiving (Update VIEW and SAAS databases, Scan and TRIM file, Forward hardcopy file to archive) (20 minutes 0.48%^ of the time)	\$103.55	0.10	0.002	\$0.16
<b>Third party claims (claims accepted)</b>				
Initial contact (Receive and assess third party claim, Update VIEW and SAAS databases, Correspondence requesting additional information, Correspondence to claimant, defendant and any agencies involved, Seek approval from Deputy Sheriff, Collate and record responses from all parties) and Claim accepted (Incoming paper work, Correspondence to claimant and defendant, Prepare release paper work and liaise with claimant) (30 minutes 0.15%^^ of the time)	\$103.55	0.04	0.001	\$0.08
Closing/Archiving (Update VIEW and SAAS databases, Scan and TRIM file, Forward hardcopy file to archive) (20 minutes 0.15%^^ of the time)	\$103.55	0.03	0.0005	\$0.05
<b>Third party claims (interpleader)</b>				
Initial contact (Receive and assess third party claim, Update VIEW and SAAS databases, Correspondence requesting additional information, Correspondence to claimant, defendant and any agencies involved, Seek approval from Deputy Sheriff, Collate and record responses from all parties) and Interpleader (Correspondence to claimant, defendant and any other affected parties, Engage VGSO) (20 minutes 0.15%^^ of the time)	\$103.55	0.03	0.0005	\$0.05
Closing/Archiving (Update VIEW and SAAS databases, Scan and TRIM file, Forward hardcopy file to archive) (20 minutes 0.15%^^ of the time)	\$103.55	0.03	0.0005	\$0.05
<b>Arrest</b>				
CWP (Pre-arrest check (comms), Find appropriate CCS office, CWP forms: Lodge forms with head office) (60 minutes 1.49%^^^ of the time)	\$103.55	0.90	0.0149	\$1.55
Arrest and bail to appear before a Magistrate (Pre-arrest check (comms), Arrest and bail forms, Find court and hearing time, Lodge forms with head office) (60 minutes 29.23%^^^^ of the time)	\$103.55	17.54	0.2923	\$30.27
Arrest and lodge at police station (Pre-arrest check (comms), Lodge warrants and handover defendant at local police station) (120 minutes 0.39%^^^^ of the time)	\$103.55	0.47	0.0079	\$0.81
Director attend court as party to the enforcement hearing before the magistrate (300 minutes 0.04%# of the time)	\$290.93	0.12	0.0020	\$0.57
Enforcement payment report for the purpose of court hearings (5 minutes 0.39% of the time)	\$103.55	0.02	0.0003	\$0.03
<b>Total</b>		<b>26.46</b>	<b>0.441</b>	<b>\$45.66</b>

\* % of wheels clamped (126,932) of warrants actioned (938,854) (2013-14)  
\*\* % of wheels clamped removed (111,852) of warrants actioned (938,854) (2013-14)  
\*\*\* % of vehicles detained (12,480) of warrants actioned (938,854) (2013-14)  
^% of seizure WP (4,470) of warrants actioned (938,854) (2013-14)  
^^% of third party claims (1,398) of warrants actioned (938,854) (2013-14)  
^^^% of CWPs (14,030) of warrants actioned (938,854) (2013-14)  
^^^^% bailed (274,453) of warrants actioned (938,854) (2013-14)  
^^^^^% lodged (3,686) of warrants actioned (938,854) (2013-14)  
#% lodged (3,686) of warrants actioned (938,854) (2013-14) x 10%

## A1.6 Estimation of average PRN cost per matter

PRN costs are established by calculating the VicRoads search/extract costs, debt collection costs, contract and legal costs for enforcement agencies. These include costs around nominations, internal reviews, payment plans, and court elections, and automation costs for PRNs, as shown in tables A1.6 to A1.10 in section A1.2 of Appendix 1.

Moreover, two types of enforcement agencies are considered, as shown in Table A1.34 including: a large metropolitan based council (Melbourne City Council), and the TCO branch of the Victoria Police. These two are considered specifically, as they represent the bulk of infringement fines issued for parking and traffic infringements, (98.22% on average over four years), as shown in table A1.34.

**Table A1.34: Average annual infringements issued and distribution of infringements between councils and Victoria Police**

Category of infringements issued	2012-13 volume	2013-14 volume	2014-15 volume	2015-16 volume	Average volume of annual infringements issued	% total parking and traffic infringements issued
Parking infringements issued by local councils	1,649,663	1,609,163	1,589,947	1,693,426	1,635,550	33.89%
Parking infringements issued by other *	87,534	80,108	85,797	76,191	82,408	1.71%
Traffic infringements issued by TCO	3,374,073	2,915,442	3,128,055	3,000,375	3,104,486	64.33%
Traffic infringements issued by other **	4,308	3,818	3,268	3,145	3,798	0.08%
<b>Total parking and traffic infringements</b>	<b>5,115,578</b>	<b>4,608,531</b>	<b>4,807,067</b>	<b>4,773,137</b>	<b>4,826,078</b>	<b>100.00%</b>
Public Transport	214,090	203,013	229,191	153,490	199,946	
Other categories***	490,705	174,309	279,315	142,225	271,639	
<b>Total infringements issued</b>	<b>5,820,373</b>	<b>4,985,853</b>	<b>5,315,573</b>	<b>5,068,852</b>	<b>5,373,933</b>	

Source DJR, Annual Report on the infringements system,

\* Including Victoria police, education/health/government/industry regulation enforcement agencies

\*\* Including government/industry regulation enforcement agencies

\*\*\* Infringements issued for offences under various statutes related to categories such as animal, consumer safety and industry regulation, electoral, environment and pollution, excessive speed, drink and drug driving, local law and marine.

Cost for nominations, internal reviews, payment plans<sup>151</sup> and court elections are allocated pro rata by establishing the distribution of these outputs as a proportion of total PRN related outputs, as shown in table A1.37. The estimated total number of nominations for councils are estimated in table A1.35 and based on the product of the annual nominations processed per annum by the City of Melbourne (30,000) and the ratio of the annual infringements issued by all councils to the annual infringements issued by the City of Melbourne.

**Table A1.35: Estimated volume of nominations by Councils**

<sup>151</sup> Payment plans and PRNs (completely automated) are processed on behalf of the TCO the external contractor and costs are included in Table A1.5.

	2012-13	2013-14	2014-15 <sup>152</sup>	2015-16
Annual nominations for City of Melbourne	30,000	30,000	30,000	30,000
Annual infringements issued by City of Melbourne	411,071	404,928	408,000	408,000
Annual infringements issued by all councils <sup>153</sup>	1,709,333	1,681,539	1,648,773	1,750,730
<b>Estimated number of annual nominations by councils</b>	<b>124,747</b>	<b>124,581</b>	<b>121,233</b>	<b>128,730</b>

Source: Data provided by City of Melbourne, IMES including annual reports.

The estimated total number of direct processing activities around PRNs for Councils are estimated in table A1.36 and based on the product of the PRNs directly processed by the City of Melbourne (199,266), the ratio of annual infringements issued by all councils to annual infringements issued by the City of Melbourne, and a ratio of 3:5<sup>154</sup> to capture the proportion of councils likely to undertake some direct processing work in relation to PRNs.

**Table A1.36: Estimated volume of PRNs directly processed by Councils**

	2012-13	2013-14	2014-15 <sup>155</sup>	2015-16
Annual PRNs directly processed by City of Melbourne	199,266	199,266	199,266	199,267
Annual infringements issued by City of Melbourne	411,071	404,928	408,000	408,000
Annual infringements issued by all councils <sup>156</sup>	1,709,333	1,681,539	1,648,773	1,750,730
<b>Estimated annual number of PRNs directly processed by councils</b>	<b>497,158</b>	<b>496,494</b>	<b>483,154</b>	<b>513,034</b>

Source: Data provided by City of Melbourne, IMES including annual reports.

The average volume of output across nominations, internal reviews, payment plans, court and elections and direct PRN processing activities is summarised in table A1.37 and the percentage of total average annual output is determined by using the total average number of PRN related outputs (2012-13 to 2014-15).<sup>157</sup>

**Table A1.37: Estimated average volume of PRN related outputs by major enforcement agency type**

Category of PRN related output (by major enforcement agency type)	2012-13 volume	2013-14 volume	2014-15 volume	2015-16 volume	Average volume of annual output	% total average annual output
Estimated PRNs directly processed (councils) <sup>158</sup>	497,158	496,494	483,154	513,034	497,460	26.55%
Payment Plans (councils)	44,894	42,588	43,834	45,642	44,240	2.36%
Estimated Nominations (councils) <sup>159</sup>	124,747	124,581	121,233	128,730	124,823	6.66%
Nominations (TCO)	758,890	672,038	715,464	715,464	715,464	38.19%
Infringement reviews (councils)	188,562	193,644	184,261	193,546	190,003	10.14%
Infringement reviews (TCO)	227,391	221,153	248,229	220,690	229,366	12.24%
Court Elections (councils)	7,280	4,049	2,777	2,979	4,271	0.23%

<sup>152</sup> Average estimates based on 2012-13 and 2013-14.

<sup>153</sup> Based on actual estimates from the Annual Report on the Infringements System.

<sup>154</sup> For example, out of the following councils: City of Melbourne, City of Port Phillip, City of Geelong, City of Yarra, and City of Stonnington, only 2 councils completely outsource activities to an external contract (i.e. 2 in 5 councils) based on advice by IMES.

<sup>155</sup> Average estimates based on 2012-13 and 2013-14.

<sup>156</sup> Based on actual estimates from the Annual Report on the Infringements System.

<sup>157</sup> See Table A1.5 of this report for allocation of outsourced costs.

<sup>158</sup> See Table A1.36 of this report for source of estimates.

<sup>159</sup> See Table A1.35 of this report for source of estimates.

Category of PRN related output (by major enforcement agency type)	2012-13 volume	2013-14 volume	2014-15 volume	2015-16 volume	Average volume of annual output	% total average annual output
Court Elections (TCO)	50,894	65,714	85,968	69,531	68,027	3.63%
<b>Total annual PRN related outputs</b>	<b>1,899,816</b>	<b>1,820,260</b>	<b>1,884,921</b>	<b>1,889,616</b>	<b>1,873,653</b>	<b>100.00%</b>

Source: Data provided by IMES including annual reports.

As shown in table A1.38, the estimated average cost of issuing a PRN per matter, including services bought in by external providers projected to 2017-18, is approximately **\$24.67** – including all relevant VicRoads search/extract costs, debt collection costs, contract and legal costs. This is estimated as the sum of ‘costs allocated’ (i.e. the product of the cost per matter and the pro rata apportionment).

**Table A1.38: Estimated average cost of a PRN per matter – 2017-18**

Description of costs	Cost per infringement matter <sup>160</sup>	Pro Rata apportionment <sup>161</sup>	Costs allocated
Estimated direct costs of PRN processing (councils)	\$4.14	26.55%	\$1.10
Payment Plans (councils)	\$57.89	2.36%	\$1.37
Nominations (councils)	\$12.62	6.66%	\$0.84
Nominations (TCO)	\$14.13	38.19%	\$5.39
Infringement reviews (councils)	\$46.76	10.14%	\$4.74
Infringement reviews (TCO)	\$26.70	12.24%	\$3.27
Court Elections (councils)	\$294.02	0.23%	\$0.67
Court Elections (TCO)	\$80.91	3.63%	\$2.94
Cost of external provider for processing PRNs			\$4.35
<b>Total cost of outputs per matter</b>		<b>100.00%</b>	<b>\$24.67</b>

## A1.7 Estimation of average registration cost per matter

The registration fee is a fee that covers the registration activities, required and costs incurred (i.e. registration costs), by enforcement agencies in registering matters with Fines Victoria. The registration of matters with the Fines Victoria includes: pre-registration, disk registration and post-registration registration activities by the enforcement agency, as well as, the direct cost of portal assistance to enforcement agencies by Fines Victoria. With regard to pre-registration, disk registration and post-registration activities – two types of enforcement agencies are considered, including: councils (represented by Melbourne City Council), and the TCO, as well as Fines Victoria.

With regard to post-registration activities – if an application for enforcement review is granted by Fines Victoria and a fine is cancelled, the enforcement agency has the opportunity to ‘opt in’ and choose instead to prosecute within 90 days (i.e. take the matter to court and have it listed for a hearing). In the case of a rejection of an application for enforcement review by the Director, Fines Victoria (s.35(1) of the Fines Reform Act) the applicant must then pay the fine or apply for a payment arrangement or a work development permit and if the offender fails to do so the matter is listed for a summary hearing. In both these cases, the cost of post-registration activities includes consideration/decision of whether to opt in and take the matter to court as well as the preparation

<sup>160</sup> See Tables A1.6 to A1.16 of Appendix 1 for source of estimates.

<sup>161</sup> See Table A1.37 of this report for percentages.



of the brief and the attendance by the enforcement agencies prosecutor at a summary hearing for matters.

The estimated total number of pre-registration activities for councils (i.e. 948 registrations) as shown in Table 11, is based on 12 registrations per annum per council and 79 councils<sup>162</sup>. The estimated total number of post registration activities for councils (i.e. 3,090 considerations) is provided in table 11 and based on the product of the annual number of receipts associated with post registration processing activities by the City of Melbourne (1,200<sup>163</sup> in 2013-14), the ratio of the annual infringements issued by all councils to the annual infringements issued by the City of Melbourne, and a ratio of 3:5<sup>164</sup> to capture the proportion of councils likely to undertake some direct processing work in relation to post registrations.

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<sup>162</sup> See <http://www.mav.asn.au/about-local-government/Pages/default.aspx> - accessed 25 February 2017

<sup>163</sup> This is based on an average of 100 receipts per month with an average of 12 matters per receipt (2013-14) (data provided by City of Melbourne).

<sup>164</sup> For example, out of the following councils: City of Melbourne, City of Port Phillip, City of Geelong, City of Yarra, and City of Stonnington, only 2 councils completely outsource activities to an external contract (i.e. 2 in 5 councils) based on advice by IMES.

**Table A1.39: Estimated average volume of post registration processing by Councils**

	Estimated value
Annual post registration processing by City of Melbourne (No. PINs) <sup>165</sup>	1,200
Annual infringements issued by City of Melbourne <sup>166</sup>	408,000
Annual infringements issued by all councils <sup>167</sup>	1,750,730
<b>Estimated annual post registration processing by all councils (No. PINs)</b>	<b>3,090</b>

Source: Data provided by City of Melbourne and IMES including annual reports.

Costs and pre-registration<sup>168</sup>, disk registration and post registration activities are allocated pro rata by establishing the distribution of these outputs as a proportion of total related outputs for the registration of matters for enforcement, as shown in Table 11.

**Table A1.40: Estimated average volume of output across pre-registration, disk registration, and post registration activities**

Category of output	Estimated volume of pre, disk and post registration outputs	% total annual registration output
Estimated pre-registration outputs (registrations) (councils) <sup>169</sup>	948	13.57%
Disk registrations (Fines Victoria) <sup>170</sup>	1,068	15.28%
Estimated post registration outputs (councils) <sup>171</sup>	3,090	44.21%
Post registration outputs (TCO) <sup>172</sup>	1,883	26.94%
<b>Average total matters registered per annum</b>	<b>6,988</b>	

As shown in table A1.41, the estimated average registration cost of a matter, including services bought in by external providers projected for 2017-18 is approximately \$54.19 – including all relevant pre-registration and post-registration costs, disk registration costs and costs of activities undertaken by an external provider. This is estimated as the sum of ‘costs allocated’ (i.e. the product of the cost per infringement matter and the pro rata apportionment).

<sup>165</sup> This is based on an average of 100 receipts per month with an average of 12 matters per receipt (2013-14) (data provided by City of Melbourne).

<sup>166</sup> See Table A1.36 for source of estimate.

<sup>167</sup> Based on actual estimate from the Annual Report on the Infringements System 2015-16

<sup>168</sup> Pre-registration activities processed on behalf of the TCO by the external contractor and costs are included in Table A1.5.

<sup>169</sup> Based on 79 councils and an average of 12 registrations per annum (one a month) and applies to 100% of matters registered.

<sup>170</sup> There were 1,068 lodgement disks processed by the Infringement’s court in 2013-14 and applies to 100% of matters registered.

<sup>171</sup> See Table A1.39 for source of estimate and is estimated as 3,090 applications x 12 matters on average per file based on advice from Melbourne City Council.

<sup>172</sup> Based on an average of 56,479 revocations (matters) processed per annum based on data for 2013-14 and 2014-15 with 30 matters on average per file (data provided by the TCO).

**Table A1.41: Average cost of registration of matter with Fines Victoria – 2017-18**

<b>Description of costs</b>	<b>Cost per infringement matter<sup>173</sup></b>	<b>Pro Rata apportionment <sup>174</sup></b>	<b>Costs allocated</b>
Cost of pre-registration registration output (councils)	\$0.14	13.57%	\$0.02
Cost of disk registration output by Fines Victoria	\$0.01	15.28%	\$0.00
Cost of post-registration registration (councils)	\$64.68	44.21%	\$28.60
Cost of post-registration registration output (TCO)	\$79.59	26.94%	\$21.44
Cost of external provider <sup>175</sup>			\$4.13
<b>Total cost of registration outputs per matter</b>			<b>\$54.19</b>

<sup>173</sup> See Tables A1.17 to A1.21 Appendix 1 for source of estimates.

<sup>174</sup> See Table A1.40 for source of percentages.

<sup>175</sup> See Table A1.5 of this report for allocation of outsourced costs.

## A1.7 Estimation of average enforcement cost per matter

The *management of enforcement* by Fines Victoria of registered matter includes the following outputs:

- applications for waiving or reducing costs or fees<sup>176</sup>
- directions for corporate director liability
- directions for production of information
- applications for payment arrangements
- charges over land and sale of real property
- directions for AOE
- directions of AOD
- applications for WDP)
- applications for enforcement reviews, and
- driver and vehicle enforcement sanctions.

With respect to driver and vehicle enforcement sanctions, the Director, Fines Victoria may direct VicRoads under S.89 of the Fines Reform Act to:

- suspend any driver licence
- not to grant or renew any driver licence of the fine defaulter
- to suspend the registration of a vehicle registered to the fine defaulter
- not to renew the registration of a vehicle registered to the fine defaulter
- not to transfer to any other person the registration of a vehicle registered to the fine defaulter, whether or not an application for transfer of registration has been made, and
- not to register a vehicle in the name of the fine defaulter.

until the Director, Fines Victoria directs VicRoads that the sanction should be discontinued under S.91 of the Fines Reform Act. Costs for these aforementioned enforcement outputs are allocated pro rata by establishing the distribution of these outputs (projected for 2017-18) as a proportion of total related outputs for enforcement per annum, as shown in table A1.42.

**Table A1.42: Estimated volume of projected enforcement matters – 2017-18**

Category of enforcement output	Projected 2017-18 volume of outputs <sup>177</sup>	Projected 2017-18 volume of matters <sup>178</sup>	% total projected annual enforcement output
Applications for waiving or reducing costs or fees	720	7,700	0.47%
Directions for corporate director liability	2,500	50,000	1.64%
Directions for production of information	6,000	64,169	3.93%
Applications for payment arrangements	31,435	336,192	20.58%
Charges over land and sale of real property	100	1,069	0.07%
Directions for AOE and AOD	600	6,417	0.39%
Applications for WDPs	3,945	42,195	2.58%
Applications for enforcement reviews	100,000	849,342	65.45%

<sup>176</sup> This relates to the Director's power to waive or reduce enforcement costs or other fees (s.9) of the Fines Reform Act.

<sup>177</sup> See Additional data at the end of tables A1.21 to A1.31 for source of estimates.

<sup>178</sup> See Additional data at the end of tables A1.21 to A1.31 for source of estimates.

Category of enforcement output	Projected 2017-18 volume of outputs <sup>177</sup>	Projected 2017-18 volume of matters <sup>178</sup>	% total projected annual enforcement output
Driver and vehicle Enforcement sanctions <sup>179</sup>	7,477	80,000	4.89%
<b>Total projected enforcement outputs per annum</b>	<b>152,777</b>	<b>1,437,085</b>	<b>100.00%</b>

Source: Based on data provided by IMES for 2014-15

As shown in table A1.43, the estimated average cost of a managing enforcement of registered matters by Fines Victoria, including services bought in by external providers projected for 2017-18, is approximately \$27.77 – This includes all costs of relevant of outputs discussed. This is estimated as the sum of ‘costs allocated’ (i.e. the product of the cost per infringement matter and the pro rata apportionment of annual enforcement output).

**Table A1.43: Average cost of enforcement of registered matter by Fines Victoria**

Description of costs	Cost per matter <sup>180</sup>	Pro Rata apportionment <sup>181</sup>	Costs allocated
Cost of processing applications for waiving or reducing costs or fees	\$1.48	0.47%	\$0.007
Cost of directions for corporate director liability	\$9.66	1.64%	\$0.158
Cost of directions for production of information	\$4.75	3.93%	\$0.187
Cost of processing applications for payment arrangements	\$4.91	20.58%	\$1.011
Cost of processing charges over land and sale of real property	\$7.46	0.07%	\$0.005
Cost of directions for AOE and AOD	\$11.36	0.39%	\$0.045
Cost of processing applications for WDPs	\$43.26	2.58%	\$1.12
Cost of processing applications for enforcement reviews	\$34.43	65.45%	\$22.54
Cost of processing driver and vehicle enforcement sanctions	\$3.57	4.89%	\$0.17
Cost of external provider <sup>182</sup>			\$2.53
<b>Total cost of outputs per matter</b>			<b>\$27.77</b>

<sup>179</sup> Multiple driver and vehicle sanctions may apply to one infringement matter.

<sup>180</sup> See Tables A1.21 to A1.31 of Appendix 1 for source of estimates.

<sup>181</sup> See Table A1.42 (percentage of total average annual output) for source of percentages.

<sup>182</sup> See Table A1.5 of this report for allocation of outsourced costs.

## A1.8 Estimation of average warrant enforcement cost per matter

The cost of warrant enforcement conducted by the Sheriff's Office includes the costs of sanctions afforded to the Sheriff's office to recover debts for unpaid matters where a natural person has failed to request a payment arrangement or apply for an enforcement review within the 'seven-day notice' period. These sanctions designed to prompt payment include: wheel clamping<sup>183</sup>, seizure and sale of goods, third party claims, or arrest. The estimated cost of warrant enforcement per matter projected for 2017-18 is \$46.27, as shown in table A1.44.

**Table A1.44: Average cost of warrant enforcement by the Sheriff's Office – 2017-18<sup>184</sup>**

Activity	Cost per matter
Sanctions	\$8.79
Seizure and removal of assets	\$0.74
Sale of assets	\$3.27
Third party claims	\$0.23
Arrest	\$33.24
<b>Total</b>	<b>\$46.27</b>

## A1.9 Estimation of average warrant issue cost per matter

The associated cost of issuing and cost of serving a warrant is estimated to be \$55.99 per matter projected for 2017-18 and includes the time required for the preparation of a warrant, issuing a warrant, serving a seven-day notice and payment demand, application for payment arrangement and external contractor<sup>185</sup>, as shown in table A1.45.

**Table A1.45: Average cost of issuing and serving a warrant by the Sheriff's Office – 2017-18<sup>186</sup>**

Activity	Cost per matter
Associated activities with issuing a warrant <sup>187</sup>	\$21.69
Serving a seven-day notice and payment demand	\$29.37
Application for payment arrangement	\$0.92
External contractor	\$4.00
<b>Total</b>	<b>\$55.99</b>

<sup>183</sup> Can occur before a seven-day notice is issued.

<sup>184</sup> See Table A1.33 for source of estimates.

<sup>185</sup> See Table A1.5 for apportioned cost of contractor \$4.00.

<sup>186</sup> See Table A1.32 for source of estimates.

<sup>187</sup> These activities include the identification and preparation of which debtors are to be included in the list for warrants to be issued by the MCV.

## A1.10 Summary of estimated average cost of fines enforcement system per matter

The costs per matter of the fines enforcement system across all activities are summarised in table A1.46.

**Table A1.46: Estimated cost of the fines enforcement system per matter – 2017-18**

Type of output	Per unit cost (2017-18)
PRN	\$24.69
Registration	\$54.16
Administrative enforcement	\$27.76
Warrant enforcement	\$46.27
Warrant issue	\$55.99
<b>Total</b>	

## Appendix 2 – Determination of fees and revenue under Options

The determination of revenue under Options B and 4 is based on the average volume of output over 5 years as summarised in table A2.1.

**Table A2.1: Average 5-year volume of outputs across PRNs, Registration, Enforcement<sup>188</sup> and Enforcement Warrants issued<sup>189</sup>**

Category of output	2011/12 volume	2012/13 volume	2013/14 volume	2014/15 volume	2015/16 volume	Average volume of annual output
PRNs	1,570,916	2,163,608	1,835,129	1,955,366	1,881,162	1,881,236
Registration	1,565,585	1,848,784	1,811,495	1,748,187	1,861,207	1,767,052
Enforcement (including both administrative and warrant enforcement)	901,998	1,216,540	1,087,326	1,068,958	1,138,066	1,082,578
Enforcement warrants issued	1,715,391	1,712,391	2,033,236	1,516,002	1,632,840	1,721,972
<b>Total</b>	<b>5,753,890</b>	<b>6,941,323</b>	<b>6,767,186</b>	<b>6,288,513</b>	<b>6,513,275</b>	<b>6,487,466</b>

### A2.1 Determination of fees and revenue under Option B

The PRN fee under Option B is obtained from the current PRN fee regulations. Taking the product of the average volume of annual output in table A2.1 the current PRN fee projected for 2017-18 of \$23.17 in table A2.2 and full cost recovery fees for registration, administrative enforcement, warrant enforcement and warrant issue from table A1.46 gives estimated revenue as \$315.85 million per annum.

**Table A2.2: Summary of partial PRN fee and full cost recovery fees under Option B and annual revenue**

Type of output	Outputs (5-year average)	Option B 2017-18 fees	Estimated revenue Option B fees
PRNs ( <i>partial cost recovery</i> )	1,881,236	\$23.17	\$43,593,486
Registration	1,767,052	\$54.16	\$95,712,170
Administrative enforcement	1,082,578	\$27.76	\$30,050,184
Warrant enforcement	1,082,578	\$46.27	\$50,085,739
Enforcement warrant issue	1,721,972	\$55.99	\$96,404,600
<b>Total</b>			<b>\$315,846,179</b>

<sup>188</sup> Includes both administrative and warrant enforcement activities.

<sup>189</sup> Data provided by DJR including annual reports.



## A2.2 Determination of fees and revenue under Option C (the proposed fee regulations)

The proposed fees under Options C, D and E are determined from the activity based costing exercise in Appendix 1 and costs as illustrated in table A1.46. The total revenue of \$318.71 million is estimated taking the product of Option C, D, and E fees and the average volume of annual output in table A2.1

**Table A2.3: Summary of full cost recovery proposed fees under Options C, D and E and annual revenue**

Type of output	Outputs (5-year average)	2017-18 fees	Estimated revenue based on proposed fees
PRNs	1,881,236	\$24.69	\$46,453,043
Registration	1,767,052	\$54.16	\$95,712,170
Administrative enforcement	1,082,578	\$27.76	\$30,050,184
Warrant enforcement	1,082,578	\$46.27	\$50,085,739
Enforcement warrant issue	1,721,972	\$55.99	\$96,404,600
<b>Total</b>			<b>\$318,705,737</b>

## Appendix 3 – Costing of proposed non-fee regulations

The purpose of Appendix 3 is to provide estimates around the quantifiable incremental costs of the proposed regulations of Option A1 including assumptions made behind the estimations. Other regulations have been assessed as imposing either unquantifiable<sup>190</sup> or nil incremental costs relative to the base case. The assumptions used for estimating administrative time cost of compliance with the proposed non-fee regulations are summarised as follows:

<b>Assumptions for costing time with respect to administrative compliance</b>	
Victorian average weekly earnings full time adult <sup>191</sup>	\$1,592.40
Annual salary	\$82,805
Annual hrs worked per annum <sup>192</sup>	1,746.8
Hourly charge out rate <sup>193</sup>	\$82.84

### A3.1 Quantifiable incremental costs of Option C

#### A3.1.1 Incremental cost of statement of financial circumstances – Proposed regulations 14, 15 and 16

Under proposed regulations 14, 15 and 16, there would be costs to offenders in providing the prescribed types of information requiring an approximately one hour of time on average. The Director, Fines Victoria may request additional information in the form of a statement from the fine defaulter regarding the fine defaulter's financial circumstances<sup>194</sup> and only where sufficient information has not already been provided. For the purpose of estimation, it is projected that there will be around 6,000 directions to debtors for the production of information per annum at a cost of approximately \$0.5 million for fine defaulters per annum<sup>195</sup>. This would be equal to \$4.97 million over 10 years or \$4.03 million in present value dollars<sup>196</sup>.

### A3.2 Unquantifiable incremental costs of Option C

#### A3.2.1 Incremental cost to offenders in not being able to choose what type of community work they undertake and needing to comply with obligations – proposed regulations 29 and 30

In the case of an arrest of an offender under an infringement warrant by a Sheriff's Officer, the offender may be offered a CWP where there are insufficient possessions to seize to satisfy the outstanding amount (fine and fees). The permit allows an offender to perform community work instead of paying the fine and fees (up to 100 penalty units or 600 hours of community work). In 2015-16 there were 1,577 CWPs issued<sup>197</sup>. Proposed regulations 29 and 30 would not prescribe what type community work may or may not be undertaken, and in this way, could create an unquantifiable cost in limiting the choice for the offender. Given that at this stage of the infringement enforcement cycle process, offenders have been unwilling or unable to pay their

<sup>190</sup> Unquantifiable incremental costs are discussed in sections A3.3 and A3.4.

<sup>191</sup> ABS, Average Weekly Earnings Australia, Catalogue 6302.0.

<sup>192</sup> 44 weeks of work per annum and 39.7hrs of work per annum.

<sup>193</sup> Includes oncost multiplier of 1.165 and overhead multiplier of 1.5.

<sup>194</sup> This is notwithstanding the fact that information sought would be readily obtainable to the defaulter from the defaulter's tax returns.

<sup>195</sup>  $6,000 \times 1\text{hr} \times \$82.84/\text{hr} = \$497,028$

<sup>196</sup> All present value calculations are made using a real discount rate of 4%.

<sup>197</sup> DJR, Infringement Management and Enforcement Services, Annual Report on the infringements system 2015-16.

infringement fine and fees, it is unlikely that a significant imposition around the type of community work would occur, thereby implying an unquantifiable minor cost.

With regard to proposed regulation 30, the offender would need to comply with obligations of an offender subject to a community work permit including:

- limitations around the consumption of any alcoholic substance or drug of dependence,
- notification of the Regional Manager or a community corrections officer at the community corrections centre concerned of delays or inability to attend work (including bringing in medical certificate as proof of illness when next time at work), and
- obtaining permission before leaving work or entering the administrative office of the community corrections centre from the Regional Manager or community corrections officer.

However, it is not clear how prevalent alcohol and drug use might otherwise be for an offender, nor what the frequency of delays or inability to attend work is likely to be. For these reasons, and given that the value of such impositions (via the additional obligations of the CWP) is unknown this is determined to be an unquantifiable cost for offenders. It is important to note here, that an offender would have had an opportunity to apply for a revocation under special circumstances including serious addiction to drugs, or alcohol or a volatile substance, which would have prevented an offender from proceeding to the CWP stage to begin with. Hence it is unlikely that imposition of alcohol and drug use is likely to bear a significant impact on offenders.

## Appendix 4 – Comparative fees of other jurisdictions

All Australian states have systems for the recovery of unpaid infringement fines, and all states recover costs through the charging of fees, although for some activities the costs are not recovered.

### New South Wales

New South Wales (NSW) has a somewhat similar infringement fines recovery system to the Victorian infringements system. The NSW State Debt Recovery Office (SDRO) is the fines division of the Office of State Revenue (OSR). It is responsible for the receipt and processing of fines and fees issued by various government agencies and authorities, and administering the fines enforcement system for the collection of unpaid fines and fees.

Infringement notices are called ‘penalty notices’ in NSW. The equivalent legislation to the Victorian Infringements Act and Regulations is the NSW *Fines Act 1996* and the Fines Regulations 2015.

There are Penalty Reminder Notices (PRNs) in NSW but no fees are prescribed for these notices. If the PRN is not paid by the due date, an enforcement order is issued (equivalent to a registration fee), for which the prescribed fee is \$65. Further enforcement costs of \$65 are payable for any enforcement action taken, or \$40 payable to Roads and Maritime Services if any enforcement action is taken by Roads and Maritime Services before payment is made under the order. An application fee of \$50 is payable in relation to an application for annulment of a penalty notice enforcement order. No other equivalent fees are prescribed in NSW through their fines legislation.

### Queensland

In Queensland (QLD), offenders who do not pay their infringement notices within 28 days may be prosecuted in a Magistrates’ Court.

Alternatively, the issuing agency can lodge the infringement notice with the QLD State Penalties Enforcement Registry (SPER), and a \$65.20 registration fee (equivalent to a Victorian registration fee) will be added to the outstanding fine. Offenders will then be issued with an enforcement order with a new due date by which to the fine or take another action. If offenders do not act within the specified timeframe, one or more enforcement actions may be taken, similar to those in Victoria, except there is no provision for an infringement notice to be converted to unpaid community service. If offenders do not choose an option by the due date, a further \$109.10 enforcement fee may be added to each debt.

### South Australia

In South Australia (SA), infringement notices are called ‘expiation notices’ and infringement fines are called ‘expiation fees’, which despite the name are actually fines rather than fees. The equivalent Act is the *Expiation of Offences Act 1996* and the equivalent regulations are the Expiation of Offences Regulations 2011.

The Fines Enforcement and Recovery Unit collects payments on overdue fine debts that have been incurred in South Australia. The Fines Unit provides a service to Issuing Authorities across the state in the recovery of debts owed on expiation notices they have issued. As part of this system, Issuing Authorities provide their notices to the unit for recovery and enforcement.

If an offender has unpaid fines, regardless of whether the offence is traffic related or not, the Fines Enforcement and Recovery Unit may request the Registrar of Motor Vehicles not to transact any business with the offender and that his or her driver's licence be suspended. There are also a range of other enforcement actions that can be applied when fines are outstanding. Enforcement fees are added to the amount payable and enforcement actions will commence if the fine continues to be ignored.

The prescribed expiation reminder notice fee (equivalent to a PRN fee) is \$53.00 and the expiation enforcement warning notice fee (equivalent to an enforcement fee) is also \$53. The enforcement determination fee (equivalent to a registration fee) is \$18.70. For amounts unpaid or unrecovered for more than certain period, the prescribed amount is \$273.00 (equivalent to a warrant issue fee).

## Tasmania

In Tasmania, if an infringement notice is not paid within 28 days of its issue date, or other permitted action is not taken, an enforcement order is to be issued with an additional fee of \$79. This allows enforcement sanctions (similar to those in VIC, QLD, WA and SA) to be imposed. The enforcement warrant fee is \$157.

## Western Australia

In Western Australia infringement notices are issued by the police, local government authorities and various other prosecuting agencies, either in person or through the post. The equivalent Act is the *Fines, Penalties and Infringement Notices Enforcement Act 1994* and the equivalent regulations are the *Fines, Penalties and Infringement Notices Enforcement Regulations 1994*.

If an offender does not pay an infringement notice in the prescribed or statutory period, it is referred to the Fines Enforcement Registry (FER), where a court order is issued. When this happens, the infringement notice becomes a court order and further fees are imposed to recover the fine. Failing to pay an infringement notice can result in the loss of a driver's or vehicle licence, even if the fine was not traffic related. Other sanctions can also be applied, similar to those in VIC, QLD, TAS and SA.

The fee for issuing a final demand (equivalent to a PRN) is \$18.20. The fee for preparing an enforcement certificate in relation to an infringement notice, for each infringement notice (imposed when the infringement notice is registered) is \$15.50. The fee for registering an infringement notice with the Registry (also imposed when the notice is registered) is \$58.00. The fee for issuing a notice of intention to enforce (imposed when a licence suspension order is made or when an enforcement warrant is issued, but not twice) is \$53.90. The fee for issuing an enforcement warrant (imposed when the warrant is issued) is \$181.00.

## Summary

Table A4.1 makes an interstate comparison of equivalent fees to those proposed for Victoria. Table A4.1 shows that Victoria's proposed fees for PRNs are lower than SA but slightly higher than WA. Victoria's proposed collection fee (enforcement and warrant enforcement component) is slightly higher than those in SA and WA, but the registration and warrant fees are mostly lower than those in other states. Some states do not charge certain fees at all, but this is a failure to recover costs rather than a calculation of zero cost.

**Table A4.1 – Interstate comparison of enforcement fees**

<b>Fee</b>	<b>VIC</b>	<b>NSW</b>	<b>QLD</b>	<b>SA</b>	<b>TAS</b>	<b>WA</b>
PRN fee	\$24.69	\$0	\$0	\$53	\$0	\$18.20
Collection fee (registration activity component)	\$54.16	\$65 or \$40	\$65.20	\$18.70	<b>\$0</b>	\$58
Collection fee (enforcement and warrant enforcement)	\$74.02	\$0	\$109.10	\$53	\$79	\$53.90
Enforcement warrant fee (i.e. warrant issue)	\$55.99	\$0	\$0	\$273	\$157	\$181

## Appendix 5 – Relevant Legislative Frameworks

### A5.1 The Infringements Act 2006

The Infringements Act came into operation on 1 July 2006 to consolidate the various different statutes dealing with the collection of infringement fines. Key features of the 2006 system included:

- The improvement of the community's rights and options in the process, by providing more avenues by which to expiate (make amends without a finding of guilt) the matter,
- Provision of additional enforcement sanctions to motivate people to pay their fines in order to maintain the integrity of the system, and
- Better protection of vulnerable persons, who are inappropriately caught up in the system.

The Infringements Act<sup>198</sup> established a common framework for issuing/serving and enforcing infringement notices by all enforcement agencies. The Act replaced inconsistent legislation and practice across more than 60 different Victorian acts.

Offences are still created under the acts assigned to individual ministers, but the Infringements Act sets out common processes for the enforcement of those offences. There are exceptions to these common processes in relation to a small number of relatively serious infringement offences under the *Road Safety Act 1986*, the *Marine (Drug, Alcohol and Pollution Control) Act 1988* and under rail safety legislation. These infringement offences involve excessive speed or driving whilst drug or alcohol affected, whether in a road, rail or marine contexts, and have particular consequences that are governed by specific processes provided for in their respective acts.

The relevant sections of the Infringements Act are shown in table A5.1, and apply under certain conditions specified in relevant sub-sections, which have been omitted for ease of presentation.

**Table A5.1 – Relevant sections of the Infringements Act**

Sec.	Description of section
3	Definitions (e.g.): enforcement agency, enforcement order, infringements registrar, lodgeable infringement offence, payment order, payment plan, PRN, seven day notice, and special circumstances.
16	Persons served with an infringement notice, may elect to have the matter of the infringement offence heard and determined in Court.
17	Enforcement agency may refer a matter for which an infringement notice has been served to the Court.
18	Enforcement agency may withdraw an infringement notice by serving a withdrawal notice on the person served with the infringement notice.
22	Person may apply to the relevant enforcement agency for review of the decision to serve the infringement notice.
24	If an enforcement agency receives an application for review under section 22, the enforcement agency must review the decision to serve an infringement notice on the person
29	Enforcement agency may serve a PRN on a person on whom an infringement notice was served if it appears to the enforcement agency that an infringement penalty has not been paid.

<sup>198</sup> The Infringements Act does not apply to a) infringement notices issued or served under local laws or the enforcement of offences against local laws by infringement notice under section 117 of the *Local Government Act 1989*, other than a parking infringement, and, b) to infringement notices issued to or served on a child within the meaning of the *Children and Young Persons Act 1989* or to the enforcement of an offence for which an infringement notice or a penalty notice within the meaning of Schedule 2A to that Act could be issued or a prescribed offence within the meaning of that Schedule.

Sec.	Description of section
29(A)	Infringement penalty together with <b>any prescribed costs</b> may be paid within the extended period as if the infringement notice or law under which the notice was served also required the payment of those costs.
30	Person who has been served with a PRN may elect to have the matter of the infringement offence heard and determined in Court.
46	Natural person served with an infringement notice may apply to an enforcement agency for a payment plan.
164(1)	Defines a 'specified agency' as a person or body that holds information that may be of use in the enforcement of orders and warrants under this Act, and that is prescribed by regulations made for the purposes of this section to be a specified agency <sup>199</sup>

## A5.2 The Fines Reform Act 2014

On commencement, the Fines Reform Act establishes a new fines recovery model for the collection and enforcement of infringement fines and court fines in Victoria.

Upon commencement, the Fines Reform Act will transition Victoria from a quasi-judicial to an administrative fines collection and enforcement model. The Fines Reform Act enables recovery of both infringement fines and court fines under a single model using common processes and powers. Central to the new model is a focus on the total amount of fines owed by an individual or corporation, rather the current transaction based approach which reduces options for making fines recovery more effective and efficient.

The Fines Reform Act will enhance the administration and recovery of fines in Victoria by:

- integrating fines collection and enforcement under a single administrative model
- making payment options, engagement with the system, and access to justice quicker, easier and more cost-effective for people with outstanding fines
- shortening the infringements lifecycle to enable more effective and timely enforcement of unpaid infringement fines
- enabling the consolidation of infringement fines and court fines into single manageable accounts
- expanding the use of sanctions available to enforce compliance with the law
- reducing the administrative and hearing workloads of the courts
- providing more options for vulnerable people to deal with infringement fines following the establishment of the WDP scheme
- making it more affordable for victims of crime to enforce compensation orders by waiving some prescribed sheriff warrant fees, and
- strengthening civil warrant enforcement powers to enable better enforcement of civil judgment debts which include victims compensation orders.

## Amendments to the Infringements Act 2006

Although the Fine Reform Act establishes common processes for the collection and enforcement of court and infringement fines, there are also a number of reforms specific to infringement fines. These reforms aim to:

- ensure that vulnerable people are identified at an earlier stage
- provide people with more options for dealing with fines at infringements stage, and

<sup>199</sup> But does not include a person or body listed in section 90A(1) of the *Melbourne City Link Act 1995*.



- reduce the burden on the MCV by reducing the number of infringement matters that are referred for hearing and determination.

Amendments to the Infringements Act introduced by the Fines Reform Act are detailed below.

#### *Work and Development Permit Scheme*

The Fines Reform Act introduces a WDP scheme to balance the need for stronger and better recovery of legal debts, with the needs of vulnerable people caught up in the infringements system.

The new WDP scheme will provide people with special circumstances and those in acute financial hardship with non-financial options to ‘pay-off’ infringement fine debt and address offending through approved activities and treatment. Examples of approved activities include: unpaid work, medical or mental health treatment, courses, financial counselling, drug and alcohol treatment and, for people under 25 years of age, mentoring.

While the WDP scheme will be provided by approved community organisations and health practitioners, the Director, Fines Victoria, will be responsible for approving WDP applications and monitoring the operation of the WDP scheme.

Introduction of the WDP scheme has been welcomed by the community sector and DJR is consulting with key stakeholders in order to establish the scheme. A WDP Working Group comprising representatives from community organisations, pro bono legal services, enforcement agencies, corrections and government departments has been established to assist with implementation.

Currently, participation in the WDP scheme has been confined to infringement penalties at infringement stage.

#### *Changes to internal review*

The Infringements Act currently provides a person issued with an infringement notice the right to seek internal review of the decision to issue the infringement notice by the relevant enforcement agency. When operating well, the internal review scheme can resolve cases that might otherwise progress to the MCV or flow through the infringements system.

The Fines Reform Act makes changes to existing internal review provisions in the Infringements Act by:

- providing an additional internal review ground for a person unaware that an infringement notice has been served, and
- removing the existing legislative ‘default to court’ mechanism after an infringement notice has been confirmed following a special circumstances application. This change will provide unsuccessful applicants with more options for dealing with an infringement notice rather than requiring applicants to appear before the MCV and enable an enforcement agency to elect to prosecute a matter before the MCV if this course of action is determined as appropriate.

#### *Oversight of internal review processes and outcomes*

In addition, the Fines Reform Act provides the Director, Fines Victoria with powers to oversee, monitor and report on infringements activity and the operation of the internal review scheme to promote consistent and fair review outcomes. This will include making guidelines setting out the purposes of internal review and the obligations of enforcement agencies in performing the internal

review function. The internal review oversight function will be vested in the Secretary to DJR during the interim period. Once the Fines Reform Act commences, this function will be transferred to the Director, Fines Victoria.

The Director, Fines Victoria will be required to report to the Attorney-General annually and as needed regarding enforcement agency compliance with internal review provisions.

#### *Amendments to the Sheriff Act 2009*

The Fines Reform Act also amends the Sheriff Act to enable more effective and efficient enforcement of civil judgment debts, including victims of crime compensation orders by:

- extending the hours from 9 am and 5 pm to 7 am and 9.30 pm that the Sheriff can use force and assistance to enter the residential premises of a debtor to execute a civil warrant, and
- providing that if the Sheriff uses reasonable force and assistance to enter a residential premises for the purpose of executing a criminal warrant outside the hours of 7 am to 9.30 pm, the Sheriff may, after gaining entry, also execute a property seizure warrant.

In addition, to reduce some of the cost burdens on victims of crime, the Fines Reform Act extends the regulation-making power in Sheriff Act to enable regulations to be made which waive payment by victims of crime of specified sheriff warrant fees relating to the execution of civil warrants to recover compensation orders.

#### *Stage 1: 1 July 2017 – Commencement of the Social Justice Initiatives*

Amendments to the Infringements Act have provided vulnerable people with more options to deal with their infringement fines during the ‘interim period’. The new provisions provide flexibility for the following social justice initiatives to commence in stages:

- introduction of an expanded WDP scheme
- changes to internal review
- introduction of the internal review oversight function
- harmonisation of court powers to deal with fine defaulters, and
- reinstatement of an improved ‘Time Served’ scheme for prisoners.

#### *Stage 2: 31 December 2017 – Planned commencement of the Fines Reform Act 2014*

Commencement of the new fines recovery model:

- establishment of Fines Victoria
- appointment of the Director, Fines Victoria
- shorter collection and enforcement timeframes for infringement fines
- revocations replaced with an administrative ‘enforcement review’
- more effective powers and sanctions to enforce unpaid fines
- consolidation of infringement fines and court fines into a single payment arrangement, and
- collection and enforcement of court fines.

#### *Fines collection and enforcement function of Director, Fines Victoria*

The Fines Reform Act (the Fines Reform Act) replaces the Infringements Court with a Director, Fines Victoria appointed by the Secretary, who will be supported by a new administrative body (Fines Victoria) within DJR. Fines Victoria will provide the public with a single-entry point to pay or

otherwise deal with fines thereby eliminating the disparate venues, rules and processes that the public must currently navigate to pay or manage a fine.

The Director, Fines Victoria, will have powers to manage and enforce infringement fines registered with the Fines Victoria for enforcement. Alongside infringement fines, the Director, Fines Victoria will have responsibility for managing payment and enforcement of court fines referred immediately after imposition by a court.

#### *Registration of infringement fines for enforcement*

Currently under the Infringements Act (the Infringements Act), enforcement agencies lodge unpaid 'lodgeable infringement offences' with the Infringements Court for enforcement. An enforcement order is made by an infringements registrar and an infringement warrant is issued if the enforcement order is not paid by the required time.

Under the Fines Reform model, enforcement agencies will instead register their unpaid infringement fines with Fines Victoria. Following registration, the Director, Fines Victoria will serve a notice of final demand in respect of the registered infringement fine and enforcement action will commence if the person fails to deal with the registered fine within 21 days.

#### *Functions and powers of Director, Fines Victoria in respect of court fines*

Under the Fines Reform Act, the Director, Fines Victoria assumes responsibility for the management and enforcement of court fines immediately following imposition. The powers of a court under Part 3B of the *Sentencing Act 1991* to make instalment orders (section 56) and time to pay orders (section 59) at the time of sentencing remain and a proper officer may take payment (in part or in total) of the fine immediately after it is imposed. Any payments after this date must be made to the Director, Fines Victoria unless the court otherwise orders.

The Director's function will include receiving fine payments, disbursing fine payments, receiving and determining applications for payment arrangements and variations to payment arrangements, and taking enforcement action to recover a fine using similar powers to those available in respect of infringement fines. The courts and their proper officers currently exercise these functions under Part 3B of the *Sentencing Act*. It is intended that many of the functions under Division 2, Part 3B of the *Sentencing Act* will be transferred to the Director, Fines Victoria.

The expected benefits from transferring fines management and enforcement functions to the Director, Fines Victoria is a reduction in the workloads of court staff responsible for fines administration, a single contact point for the public with fines, and the availability of more payment options and methods for paying and managing fines.

#### *Consolidation of fines into a single account*

The Fines Reform Act provides for the consolidation of fines into a single manageable account. This allows people with infringements originating from different enforcement agencies, registered court fines, and fines at various enforcement stages to apply to the Director, Fines Victoria, to pay their fines under one payment arrangement.

Current provisions in the Infringements Act providing for payment plans will continue to apply to infringement penalties managed internally by enforcement agencies. However, the Fines Reform Act enables a person with an infringement notice to request that the enforcement agency refer the matter to the Director, Fines Victoria for inclusion into an existing payment arrangement.

### *Streamlining of timelines and processes*

The Fines Reform Act makes a range of efficiency improvements by providing for shorter collection and enforcement timeframes for infringement fines and the non-expiry of enforcement warrants. For example, the timeframe for payment of an infringement notice is reduced from 28 days to 21 days and the timeframe for payment of a PRN is reduced from 28 days to 14 days. The Fines Reform Act also reduces the deemed service period from 14 days to seven days. The shorter timeframes will enable more effective and timely enforcement, which underpins the integrity of the criminal justice system.

### *More effective enforcement of unpaid fines*

The Fines Reform Act includes a range of sanctions designed to encourage a person to engage with Fines Victoria at an early stage, in order to pay or deal with unpaid fines. These sanctions will be largely automated and can be used by the Director, Fines Victoria and the Sheriff to recover both registered infringement fines and registered court fines.

The Fines Reform Act removes a range of legislative, administrative and technical barriers to the use of existing debt recovery tools in the Infringements Act, to enable wider use and greater flexibility in the application of sanctions. For example, there is no longer a requirement to personally serve a notice before driver licence or vehicle registration suspension can occur. This includes the enhancement of existing driver and vehicle sanctions, attachment of debts and earnings directions, and charges over and sale of land. The Fines Reform Act also provides the Sheriff with a new power to remove number plates from vehicles, particularly where wheel clamping is not available.

The Fines Reform Act also provides the Director, Fines Victoria with broad information gathering powers to obtain financial information from people with registered fines. The Director will be able to obtain financial information to determine the most appropriate sanctions or payment arrangement terms to facilitate payment of unpaid fines, or to identify vulnerable people who require other options to deal with unpaid fines.

In addition, the Fines Reform Act contains specific mechanisms to recover unpaid fines from companies by declaring company directors personally liable for company fines, by making payment arrangements available to companies to help them pay, and by enabling action to be taken under the *Corporations Act 2001* against the most recalcitrant corporate debtors.

### *Enforcement review for registered infringement fines*

‘Enforcement review’ conducted by the Director, Fines Victoria replaces the existing ‘revocation’ scheme in the Infringements Act. Under the enforcement review process, a person with a registered infringement fine may apply to the Director, Fines Victoria for review of the decision to enforce the infringement notice under the Fines Reform model.

The grounds for enforcement review mirror those of internal review conducted by enforcement agencies, including the new ground of ‘person unaware’. The Director, Fines Victoria will have the power to determine whether to confirm or cancel enforcement of an infringement fine using the Fines Reform Act.

The new enforcement review provisions remove the current ‘default to court’ mechanism and objections process from the Infringements Act. Under the new enforcement review provisions, the

onus will be on enforcement agencies to commence proceedings in the MCV within 28 days of notification from the Director, Fines Victoria of enforcement cancellation.

Removal of the objections process prevents a person from further delaying determination of a matter, or bypassing the application of enforcement sanctions where that person has exhausted or earlier refused other avenues of review. However, a person retains the right to have an infringement matter heard in the MCV at any time before the outstanding amount of the infringement penalty and any prescribed costs are registered for enforcement with the Director, Fines Victoria.

### *Enforcement warrants*

Under the Fines Reform Act the Director, Fines Victoria can apply to a registrar of the MCV for the issuance of an enforcement warrant in respect of a registered court or infringement fine. Enforcement warrants will provide the Director, Fines Victoria, with additional methods by which to recover a registered fine.

An enforcement warrant issued by a registrar will generally be directed to the Sheriff and executed using powers similar to those that currently apply to infringement warrants under Part 6 of the Infringements Act. However, unlike infringement warrants in the Infringements Act enforcement warrants do not expire.

The relevant sections of the Fines Reform Act are shown in table A5.2, and apply under certain conditions specified in relevant sub-sections, which have been omitted for ease of presentation.

**Table A5.2 – Relevant sections of the Fines Reform Act**

<b>Sec.</b>	<b>Description of section</b>
1	sets out the purposes of the Fines Reform Act. The main purposes of the Bill are to provide for the appointment, powers and functions of the Director, Fines Victoria and to provide for the collection of court fines and infringement fines by the Director and to provide for the enforcement of court fines and infringement fines under one Act.
3	Subclause (1) sets out the definitions that apply across the Bill. including 'court fine', 'fine defaulter', 'Director', 'infringement fine', 'registered fine',
13	provides that a court fine imposed on an offender is referred to the Director, Fines Victoria for collection and management unless the court otherwise orders.
14	requires the Director, Fines Victoria serve a court fine collection statement on an offender as soon as a court fine is referred to the Director.
15	provides that, unless a court otherwise orders, a court fine is registered with the Director, Fines Victoria for enforcement if an offender fails to pay the fine by the due date, or fails to comply with an instalment order, a time to pay order or a payment arrangement.
16	sets out the circumstances under which an enforcement agency may register an infringement fine with the Director, Fines Victoria for the purposes of enforcement.
17	provides that, in most circumstances, an infringement fine must be registered with the Director, Fines Victoria for enforcement within 6 months of the offence having been committed.
20	provides that the Director, Fines Victoria may determine that enforcement of a registered infringement fine under the Bill is not appropriate.
23	requires the Director, Fines Victoria to serve a notice of final demand on a person at the person's authorised address, or any alternative address, before any enforcement action is taken to enforce a registered fine.
24	provides that a notice of final demand must be in writing and state that enforcement action may be taken if the person fails to pay the registered fine or an instalment order or a payment arrangement in relation to the registered fine within 21 days, provide a summary of the enforcement action available, detail the options available to the person and provide any other prescribed information.
26	provides that a fine owed by a body corporate becomes a debt due and payable to the State

Sec.	Description of section
	upon registration with the Director, Fines Victoria for enforcement, and the Director is authorised to recover the amount payable in any court.
32	sets out the grounds and application requirements for an enforcement review application.
34	makes provision for the Director, Fines Victoria to request additional information and requires an applicant to provide that information within 14 days of service of the request, or within any extended timeframes approved by the Director
42	provides that a person (including a child or a declared director) or a body corporate may apply to the Director, Fines Victoria for a payment arrangement to pay an infringement fine or court fine
43	allows an enforcement agency to refer an infringement fine to the Director, Fines Victoria for management by way of a payment arrangement at the request of the person to whom the infringement fine relates.
44	requires the Director, Fines Victoria to provide written notification to an applicant of a decision to refuse an application for a payment arrangement.
45	provides that the Director, Fines Victoria may offer a proposed payment arrangement upon receipt of an application by a person under clause 42 or a referral from an enforcement agency under clause 43.
46	provides that a payment arrangement can include one or more infringement fines or court fines, and may allow for payment by either or both instalments and an extension of time to pay.
59	provides that the Director, Fines Victoria (by making a production of information direction) may direct a fine defaulter to produce a statement of financial circumstances or attend before the Director to answer questions regarding the fine defaulter's financial circumstances.
65	provides that the Director, Fines Victoria may make an attachment of earnings direction in respect of a fine defaulter if the Director is satisfied that the fine defaulter owes fines (which may be one registered fine or many registered fines) not less than the attachment of earnings threshold.
67	provides that the Director, Fines Victoria may request additional information from the fine defaulter regarding the fine defaulter's financial circumstances before making an attachment of earnings direction.
69	Subclause (1) provides that it is an offence for an employer not to remit to the Director any earnings deducted at the intervals specified in the attachment of earnings direction.
78	provides that, subject to Division 2, the Director, Fines Victoria may make an attachment of debts direction in respect of a fine defaulter if the Director is satisfied that the fine defaulter owes fines (which may be one registered fine or many registered fines) not less than the attachment of debts threshold.
88	provides that Part 8 applies to all fines for which a notice of final demand has been issued, irrespective of whether the fine involves a vehicle. The Director, Fines Victoria is empowered to take action against a fine defaulter under Part 8 in addition to any other action available, and may make more than one direction under Part 8.
89	provides that the Director, Fines Victoria may direct VicRoads to do one or more of the following in relation to a fine defaulter— <ul style="list-style-type: none"> <li>• suspend, not grant or not renew a driver licence of the fine defaulter</li> <li>• suspend or not renew a vehicle registered to the fine defaulter</li> <li>• not transfer to any other person a vehicle registered to the fine defaulter, and</li> <li>• not register a vehicle to the fine defaulter.</li> </ul>
95	provides that the Director, Fines Victoria may serve a notice of intention to charge land on a person who has a registered fine (which may be one registered fine or many registered fines) totalling not less than the prescribed land charge threshold.
106	provides that the Director, Fines Victoria may apply to a registrar for an enforcement warrant to be issued against a fine defaulter.
107	provides that on issue of an enforcement warrant, the enforcement warrant fee is payable by the fine defaulter against whom the enforcement warrant is issued and may be included in the enforcement costs and certain costs in the enforcement warrant.
126	provides that Part 11 applies if an enforcement warrant has been issued against a registered operator of a motor vehicle, whether or not a seven-day notice has been served on that

Sec.	Description of section
	person. The sheriff or police officer is empowered to take action under Part 11 in addition to other available enforcement action.
139	provides that Part 12 applies if an enforcement warrant has been issued against a registered operator of a motor vehicle, whether or not a seven-day notice has been served on that person in respect of the enforcement warrant. The sheriff and police officers are empowered to take enforcement action under Part 12.
150	provides that the Part applies if an infringement offender consents to perform unpaid community work under a CWP. It sets out the upper monetary limit of outstanding registered infringement fines under an enforcement warrant above which a permit may not be issued.
163	provides that the Part applies if an infringement offender is arrested under an enforcement warrant and the infringement offender does not consent or is assessed as being unsuitable for a CWP or is not issued with a permit within 24 hours of arrest.
174	provides that the Director, Fines Victoria or the sheriff may request in writing that a specified agency provide required information to the Director or the sheriff about a person for the purpose of enforcing a registered fine against that person.
179	provides that where documents are required to be served in this Bill, they may be served either personally, via post or registered post or in any other prescribed manner.
185	provides that the Governor in Council may make regulations for or with respect to a number of matters required or necessary to be prescribed to give effect to the Bill.
Part 17	Currently the Infringements Act provides for the enforcement of lodgeable infringement offences. The amendments being made by Part 17 of the Act include the repeal of these enforcement provisions in the Infringements Act. The Fines Reform Act will provide for the enforcement of both infringement fines and court fines.
Part 17	Part 17 also amends the pre-enforcement aspects of the Infringements Act as a consequence of the Bill and provides for the WDP scheme.
Part 18	Amends various other Acts
Part 19	Amends the Sheriff Act

## Appendix 6 – Financial allocation of costs to IMES fee related activities

**Table A6.1: Annual IMES costs, bad and doubtful debts 2015-16 (fee related only)**

<b>Expense category (fee related only)</b>	<b>2015-16</b>
Deputy Sheriff and Sheriff Operations	\$8,753,304
Regional Sheriff Operations	\$24,483,393
Systems Monitoring	\$499,125
Commercial and Legal Services	\$2,493,261
Contract Compliance	\$81,134,406
Infringements Court	\$3,767,809
<b>Total annual IMES costs</b>	<b>\$121,131,297</b>
Bad Debts	\$111,228,755
Doubtful Debts	\$102,704,439
Bad Debts Recovered	-\$780,814
<b>Total annual cost of bad and doubtful debts</b>	<b>\$213,152,380</b>
<b>Total annual costs</b>	<b>\$334,283,677</b>