

Regulatory Impact Statement

Proposed Infringement Regulations 2016



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 fulfill the requirements of the *Subordinate Legislation Act 1994* and to facilitate public consultation on the remaking of the Infringement (General) Regulations 2006 and the Infringements (Reporting and Prescribed Details and Forms) Regulations 2006.

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, Monday 18 April 2016 to:

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Infringement Management Enforcement Services
Department of Justice & Regulation
GPO Box
MELBOURNE VIC 3000

or emailed to: isou@justice.vic.gov.au

Please clearly identify that your comments or submission relates to the RIS by placing '**Infringements Regulations 2016**' in the email subject line.

All comments and submissions will be considered prior to the Regulations being made.

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Executive Summary

Introduction

The objectives of the proposed regulations are to prescribe:

- the fees, costs and charges payable under the Act
- details that need to be included in a range of documents relating to the enforcement of infringement penalties under the Act, such as infringement notices, official warnings, penalty reminder notices, enforcement orders, and infringement warrants
- procedural matters relating to oral examination, attachment of earnings orders, attachment of debts orders and community work permits issued under the Act
- the reporting information that enforcement agencies need to provide to the Attorney-General under the Act, and
- other procedural and administrative matters required to be prescribed under the Act.

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 and other costs to resolve matters in an efficient and timely manner. The infringements system provides net benefits to all concerned – the offender, the prosecution, the courts and the justice system generally.

In Victoria, there are four main stages to the infringements lifecycle, depending at which stage the fine and fees are paid:

- **Stage 1** – Infringement notice issued with the original fine amount (no further action if fine paid on time)
- **Stage 2** - Penalty Reminder Notice (PRN) issued with fee added
- **Stage 3** – Infringement is lodged with the Infringements Court and a Notice of Enforcement is issued with a further fee added, and
- **Stage 4** – Infringement warrant issued with a further fee added. The Sheriff can impose enforcement sanctions if warrant is ignored by the offender.

The ‘infringements system’ as it is discussed in this RIS refers only to stages 2 to 4 of the infringements lifecycle.

It is noted that a broad range of activities are undertaken by enforcement agencies and the Infringements Court during these stages.

Problems and policy objectives

If the existing regulations were allowed to sunset on 27 June 2016 without being replaced, infringement fines could still be issued under the base case for the 1800 offences listed under more than 60 individual Acts, but there would be no operational infringements system to enforce the payment of the 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 an infringement fine, but the courts would not be able to cope with the resulting enormous volume of cases. In order of severity of impact, these problems may be summarised as follows:

Non-fee problems

1. The vast majority of lodgeable infringement offences being no longer prescribed, resulting in the infringements system becoming inoperable, a potentially negative impact on law and order, and an increased burden on the courts, and the benefits of the infringements system not being captured.
2. A lack of certain prescribed definitions, criteria and other details, which would severely restrict the operation of the infringements system.

Fee problem

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

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

1. *To reduce the burden on courts and enforcement agencies and promote law and order by providing for an efficient and equitable means of enforcing minor criminal offences and legal debt recovery system for persons issued with an infringement notice, and*
2. *To recover from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the Act.*

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 options have not been subjected to cost/benefit analysis, given that no significant changes to non-fee regulations are identifiable or were deemed feasible to implement in the 18-month period pending implementation of the *Fines Reform Act 2014*.

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 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 four fees options analysed in this RIS are:

- **Option 1** recovery of Sheriff enforcement costs at warrant stage
- **Option 2** stratified fees
- **Option 3** partial cost recovery of fees reflecting existing regulations, and
- **Option 4** (the proposed regulations) full 'static' cost recovery fees.

As Options 1 and 2) were considered too costly to implement and therefore deemed to be non-feasible, the analysis focusses on Options 3 and 4.

Assessment of costs and benefits

A summary of the analysis of options according to efficiency, equity and effectiveness criteria is provided in Table 29.

Table 29: Summary and comparison of options against criteria of efficiency, equity and effectiveness

Base Case/ Fee Option	Enforcement Costs covered by	Efficiency (Offenders)	Equity (Cross subsidisation)	Effectiveness (Adjustment costs)
Base Case	General revenue	Underpriced – over-utilised services	Cross-subsidised by taxpayers to an amount of \$273.63 million per annum	No
Option 3	Fees and general revenue	Priced – understates true value	Cross-subsidised by taxpayers to an amount of \$19.76 million per annum Proportion of offenders at warrant stage cross-subsidised by offenders at lodgement stage. Proportion of offenders at lodgement and enforcement stage cross-subsidised by offenders at PRN and warrant stage.	No
Option 4	Fees	Priced – captures true value	Proportion of offenders at warrant stage cross-subsidised by offenders at lodgement stage (greater than under Option 3)	No

Qualitative criteria for fees options are applied to a Multi-Criteria Analysis (MCA). The overall scores and comparison of options against the base case using the MCA is summarised in Table 30.

Table 30: 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	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Option 3	+9.0	+3.0	+7.0	+2.3	+0.0	+0.0	+5.3
Option 4	+10.0	+3.3	+8.0	+2.7	+0.0	+0.0	+6.0

As shown in Table 30, Option 4 (the proposed fees option) provides the highest total weighted score of **+6.0**. Option 3 provides a weighted score of **+5.3**. On this basis, **Option 4, the proposed fee regulations, is selected as the preferred option.**

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 provided in Table 34. The proposed fees have been calculated using a full activity based costing approach of all activities relevant to the infringements system in stages 2 to 4.

Table 34: Comparison of current and proposed fees for infringements enforcement

Description of fee	Current prescribed fee per infringement matter	Proposed fee per infringement matter	% Increase(+)/decrease(-)
Penalty Reminder Fee	\$23.80	\$21.47	-9.81%
Lodgement Fee	\$51.60	\$65.11	+26.18%
Enforcement Order Fee	\$27.80	\$34.02	+22.39%
Warrant Fee	\$58.30	\$57.65	-1.12%

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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Section 1: Background

This Regulatory Impact Statement (RIS) assesses the impact of the proposed Infringements Regulations 2016 ('the proposed regulations'), and should be read in conjunction with that document. The purposes of the proposed regulations are to prescribe various details that enable the infringements system to function, such as the offences the enforcement system applies to, the fees for various statutory notices and orders issued to offenders who do not pay their initial infringement fines in addition to other procedural and administrative matters.

The proposed regulations are to be made under section 168 of the *Infringements Act 2006* ('the Act'), which provides that the Governor in Council may make regulations with respect to various matters covered by the proposed regulations. The Act provides the legislative framework for the issuing and serving of infringement notices for offences and the enforcement of infringement notices.

The Infringements (General) Regulations 2006 and the Infringements (Reporting and Prescribed Details and Forms) Regulations 2006, which underpin the Act, are due to sunset on 27 June 2016 and need to be considered for re-making prior to their expiry. These Regulations prescribe the fees, costs and charges payable throughout the infringements lifecycle, as well as information that must be included in various statutory documents relating to the enforcement of infringement penalties.

Accordingly, the Department has conducted a review of the existing regulations, with a view to consolidating and updating them into a single proposed set of regulations. The regulated fees and charges have been recalculated on a cost recovery basis.

Any regulations that replace expiring regulations are treated as new regulations, and all fees need to be assessed in accordance with guidelines issued by the Department of Treasury and Finance. The making of the new regulations requires public consultation and the preparation of a regulatory impact statement (RIS) in accordance with the Subordinate Legislation Act 1994. This regulatory impact statement (RIS) has been prepared to fulfill this requirement. The cost-benefit assessment in Part 4.0 of the RIS identifies the significant economic or social burdens to be imposed by the proposed regulations.

In addition, as part of the Fines Reform Project, the Department of Justice and Regulation has been reviewing the infringements system to modernise, simplify and strengthen the administration and enforcement of fines in Victoria. The Fines Reform Act received Royal Assent on 1 July 2014 and has a default commencement date of 30 June 2016, however, this date will be extended to 31 December 2017 by the Fines Reform Amendment Bill 2016 introduced into Parliament on 23 February 2016. Amongst other things, the Fines Reform Act will establish a single administrative model for the collection and enforcement of fines and will have implications for enforcement agencies' reporting requirements, timeframes by which enforcement action may escalate, and various procedural matters relating to the application of sanctions.

To set the scene for this RIS, and to assist in identifying and describing the problem to be addressed by the proposed regulations, this Part provides some general background information about relevant legislation and policies regarding the infringements 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 Act or with other instruments made under the Act.

1.1 Historical basis of the Victorian infringements system

In Victoria, infringements 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.

The Infringements Act 2006

At the time of its commencement, the Act established a revised model for managing the issuing of infringements and their enforcement. The 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 expiate (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 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

- 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 (i.e. mental or intellectual disability, homelessness, serious addictions, and those in genuine financial difficulty)
- fair and effective administration by enforcement agencies of the infringements regulatory schemes they manage
- firm enforcement measures to achieve effective deterrence and reduce the commission of offences and the undermining of the rule of law.

The infringements system is discussed in the following section in greater detail.

1.1.1 Context and operation of the infringements system

The infringements system in Victoria originated with the introduction of parking fees under the *Parking of Vehicles Act 1953*, and the subsequent introduction of the *Local Government Act 1958* and the *Road Traffic Infringements Act 1959* – which introduced the infringement notice, more commonly known as the ‘infringement fine’, (previously an ‘on-the-spot-fine’) with a focus on parking meter offences.¹ The function of these notices (fines) were to provide cost effective enforcement of minor criminal offences around motor vehicle parking offences, without the need for costly court prosecutions.

As the number of cars on the road has grown over time, the regulation of motor vehicles in relation to parking and driving offences has continued to be a significant focus of the infringements system, since:

- Stationary vehicles in public places impede the free flow of traffic and, if left there too long, inequitably occupy scarce parking resources
- Motor vehicles may endanger other road users, pedestrians and the general public when used or parked unlawfully
- In more recent times, public roads have been funded by tolls, payment of which is enforceable by infringement notice.

Since their introduction, infringement notices have also been extended to a wide range of minor offences under more than 60 different Victorian Acts. The infringements system comes into operation when notices (fines) are not paid on time. The infringements system has evolved as a solution to the problem of courts being overwhelmed by having to deal with parking, traffic and other minor offences. The infringements system can be thought of as an expedient method of punishment and deterrence without prosecution where expediency benefits both the offender and the State.

The original goal of the infringements system in Victoria (previously known as the PERIN² system) was to reduce the burden on the lower courts by standardising and

¹ Source: Fox R.G, *Criminal Justice On-the-Spot: Infringement Penalties in Victoria*, Australian Studies in Law, Crime and Justice, Canberra, Australian Institute of Criminology, 1995.

² Penalty Enforcement by Registration of Infringement Notice.

automating the processes of enforcing the penalties demanded under infringement notices with a view to reducing the number of offenders who would elect to contest the matter in court, while at the same time invoking the sanction of imprisonment as a last resort to enforce payment of the infringement penalty.³ 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 Magistrates' Court time devoted to road traffic offences from 70 per cent in 1971 to 28.8 per cent in 1991. In 2013-14 there were 40,069 total finalisations in the Magistrates' Court in Victoria devoted to road traffic and vehicle regulatory offences or 41.3 per cent⁴ of total adjudications
- providing individuals with a choice of options for addressing their offending behavior, 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 per cent 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
- the amenability of the most common offences to being detected by automatic or semiautomatic devices.⁵

Today, infringement notices are issued for 1,800 prescribed offences⁶ (known as *lodgable infringement offences*) covered by more than 60 Acts, including road safety and traffic offences, parking, public transport, consumer safety & industry regulation and environmental protection. However in 2013-14, of the roughly 4.99 million infringements issued in Victoria, the majority were for traffic offences including: speeding, running red lights, using a mobile phone while driving, and tolling offences⁷ (58.6 per cent), and parking offences (33.9 per cent) as shown in Table 1. Other infringement fines issued in 2013-14 were for public transport offences (4.07 per cent

³ Fox R.G, *Criminal Justice On-the-Spot: Infringement Penalties in Victoria*, Australian Studies in Law, Crime and Justice, Canberra, Australian Institute of Criminology, 1995.

⁴ ABS, *Criminal Courts Australia, 2013-14*, Cat. 4513.0.

⁵ 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.

⁶ Traffic, parking and transport-related offences are the most common.

⁷ Under the *Melbourne CityLink Act 1995* and *EastLink Project Act 2004*, it is an offence to drive unregistered in a toll zone.

of all detected offences, as shown in Table 1) and ‘other categories’ of offences including: excessive speed, drink & drug driving, animal, local law, consumer safety, industry regulation, electoral, environmental and pollution, and marine (3.49 per cent of all detected offences).

Table 1 – Infringements issued by offence category, 2013-14⁸

Offence Category	No. Infringements Issued	Percentage of total infringements issued
Traffic (including tolling ⁹)	2,921,661	58.57%
Parking	1,689,271	33.86%
Public Transport	203,013	4.07%
Other Categories	174,309	3.49%
Total infringements issued	4,988,254	100.00%

With regard to traffic offences, automated road safety camera system detections resulted in 4,702 and 1,101,559 motorcycle and ‘other vehicle’ infringements being issued in 2012-13, respectively.¹⁰ These estimates have been relatively stable between the years 2009-10 to 2011-12, at around 1.12 to 1.17 million infringements issued per annum¹¹. Moreover, according to the Traffic Camera Office (TCO), police members issue around 550,000 infringements per annum. Given that there were 2,921,661 traffic offences including tolling infringements issued in total in 2013-14 – the balance of infringements issued for tolling offences is estimated to be around 1,270,102 per annum.

The current infringements system in Victoria includes a network, as illustrated in Figure 1, of enforcement agencies, Infringement Management Enforcement Services (IMES), the Infringements Court, Magistrates’ Court and Children’s Court, Sheriff’s Office of Victoria, the Road Safety Camera Commissioner, and Civic Compliance Victoria. These organisations and their functions are described in detail in the following sections.

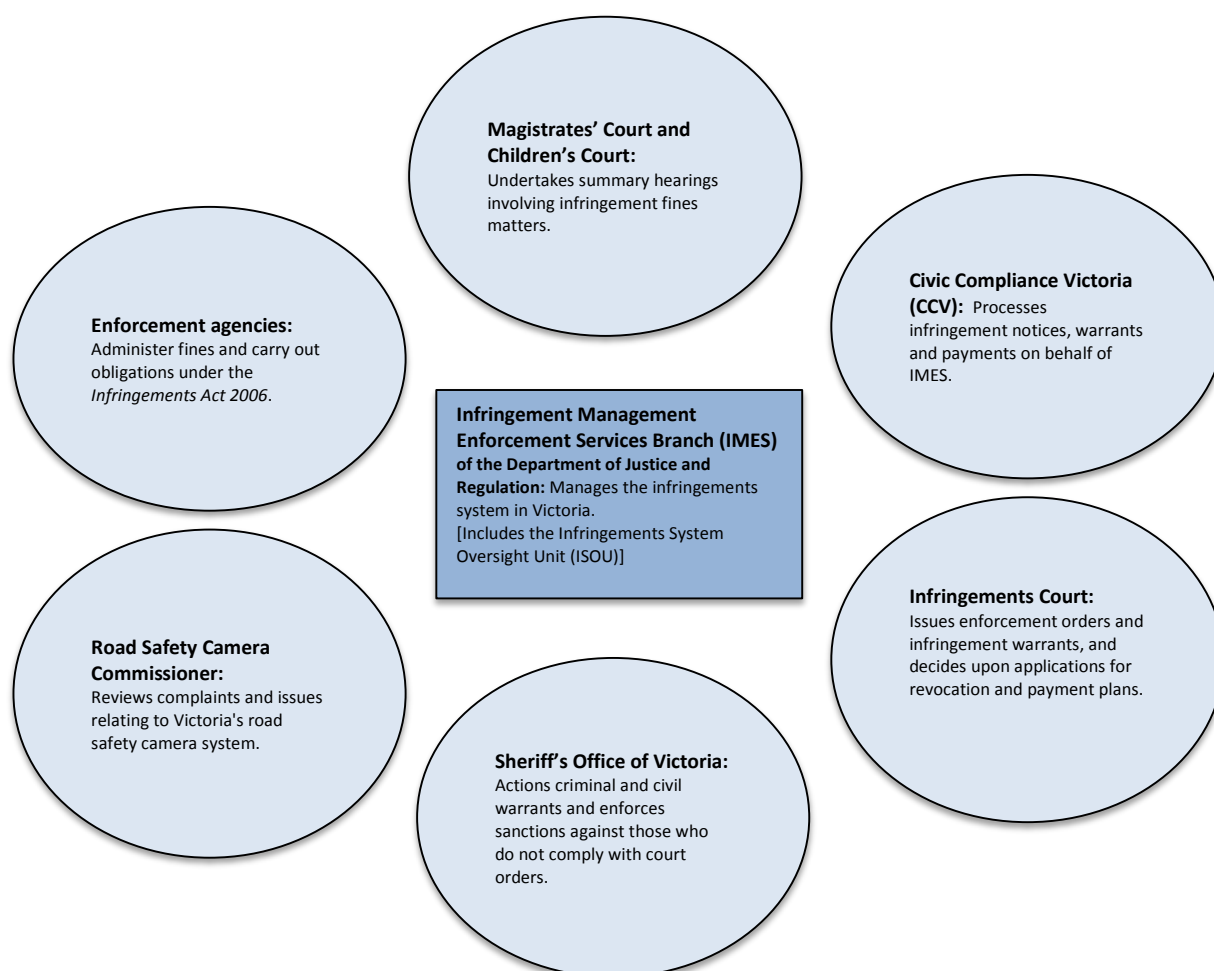
⁸ Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14.

⁹ Estimated 1,270,102 infringements issued per annum for tolling.

¹⁰ Road Safety Commissioner, Annual Report 2013-14 (data not available for full year for 2013-14 in this report).

¹¹ Road Safety Commissioner, Annual Report 2013-14.

Figure 1 – The infringements system – Victoria¹²



1.1.2 Enforcement Agencies

In 2013-14 there were 120 *enforcement agencies* in Victoria authorised to issue, withdraw and manage infringement notices, including:

- *Government agencies* (9) (such as Victoria Police (including the TCO and the Licensing and Regulation Division), VicRoads and the Department of Economic Development, Jobs, Transport and Resources)
- *Local councils* including: metropolitan (22)¹³, metro fringe (8), large rural (21), regional centre (8), and small rural (19) councils
- *Non-government agencies* including:
 - Education institutions (14) including universities and TAFEs, and

¹² Source: <http://www.justice.vic.gov.au/home/justice+system/fines+and+penalties/>.

¹³ The majority of infringement notices are issued in metropolitan areas in and around Melbourne and relate to parking offences (see Attorney-General's Annual Report on the Infringements System 2011-12, Infringement Management Enforcement Services).

- Health organisations (7) including individual hospitals or health care organisations such as Monash Health and Northern Health, and
- *Industry regulators* (12) including for example, Energy Safe Victoria, the Environment Protection Agency (EPA), and Parks Victoria, Taxi Services Commission and the Victorian Commission for Gambling and Liquor Regulation.

The distribution of infringement notices issued by sector is illustrated in Table 2. As shown in Table 2, Victoria Police and local councils issued the majority of infringements (i.e. 60.56 per cent and 33.71 per cent of all infringements issued, respectively).

Table 2 – Infringements issued by type of enforcement agency, 2013-14¹⁴

Type of enforcement agency	No. Infringements issued	Percentage of total infringements issued
Victoria Police	3,021,091	60.56%
Local Council	1,681,539	33.71%
Government Agency	211,086	4.23%
Education	38,635	0.77%
Industry Regulation	28,883	0.58%
Health	7,020	0.14%
Total infringements issued	4,988,254	100.00%

Apart from issuing infringement notices, enforcement agencies also process applications for internal review, nominations, court elections and payment plans. In 2013-14 there were a total of 469,093 internal review applications, 672,037 nomination applications, 72,893 court elections and 745,647 payment plan applications processed.¹⁵

Following an internal review application, enforcement agencies may confirm the decision to issue the infringement notice (52.75 per cent) except under special circumstances where they confirm the decision to issue the notice and refer the matter to Court (0.39 per cent), withdraw the notice and take no further action (22.79 per cent), or withdraw the notice and serve an official warning in its place (24.59 per cent).¹⁶ 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.¹⁷ The majority of individuals generally opt to expedite 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. Furthermore, court elections are mainly in relation to traffic and toll enforcement offences, which were 62,664 in total in 2013-14.¹⁸

¹⁴ Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14, p.8.

¹⁵ Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14.

¹⁶ Attorney-General's Annual Report on the Infringements System 2011-12, Infringement Management Enforcement Services.

¹⁷ Attorney-General's Annual Report on the Infringements System 2011-12, Infringement Management Enforcement Services.

¹⁸ Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14.

1.1.3 Infringement Management and Enforcement Services (IMES)

Infringement Management and Enforcement Services (IMES) within the Department of Justice & Regulation (DJR) supports the Attorney General's responsibilities as Minister responsible for the Infringements Act and monitors the operation of the system. IMES also supports an ongoing advisory committee comprising agencies, stakeholders and community groups (the Infringements Standing Advisory Committee) and undertakes key system improvement projects.

1.1.4 Infringements Court

The Infringements Court is a venue of the Magistrates' Court, and deals with the processing and enforcement of unpaid infringement notices, but without conducting hearings. The Infringements Court issues enforcement orders and infringement warrants for the purpose of enforcing unpaid fines. In 2013-14, the Infringements Court issued approximately 1.81 million¹⁹ enforcement orders.

The Infringements Court also determines applications for revocation (applications to have enforcement orders cancelled,²⁰ including those involving special circumstances) and payment orders (orders setting out the terms of a payment plan on an enforcement order or infringement warrant). In 2013-14, the Infringements court revoked 60,577 enforcement orders²¹ and made 400,744 payment orders.

1.1.5 Sheriff's Operations

The Sheriff has the responsibility of enforcing infringement warrants.²² Sheriff's officers are responsible for executing infringement warrants issued by the Infringements Court and Magistrates' Court 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.

1.1.6 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.²³

¹⁹ Magistrates' Court of Victoria 2013/14 Annual Report.

²⁰ When a revocation is granted by the Infringements Court, the enforcement order is cancelled but the original infringement notice still stands and the enforcement agency has 21 days to decide either to withdraw the infringement notice or prosecute the matter in the Magistrates' Court.

²¹ 70.9% of 85,412 enforcement orders revoked with 29.1% revoked by the Magistrates' Court (see Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14).

²² <http://www.justice.vic.gov.au/utility/contact+us/sheriffs+operations.shtml>.

²³ Attorney General's Annual Report on the Infringements System 2011-12, Infringement Management Enforcement Services.

1.1.7 Civic Compliance Victoria (CCV®)

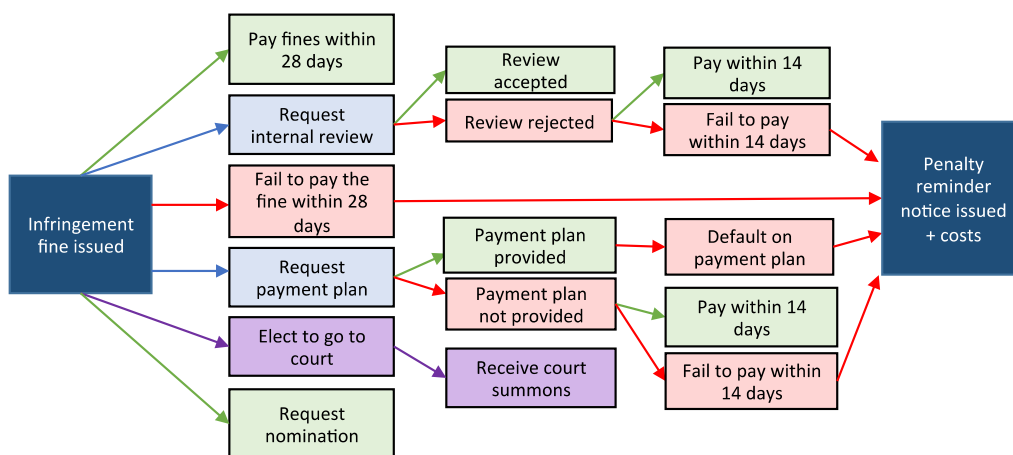
Civic Compliance Victoria is contracted to provide services at various stages of the infringements process on behalf of IMES within DJR, from the issuing of fines to the point of resolution including:

- Sending infringement notices on behalf of various issuing agencies
- Sending enforcement orders and infringements warrants on behalf of the Infringements Court
- Collecting fine payments
- Providing people with information required to resolve their outstanding matters, and
- Helping people resolve their fines by taking payments and providing information about their options.

1.1.8 Stages of the infringements process

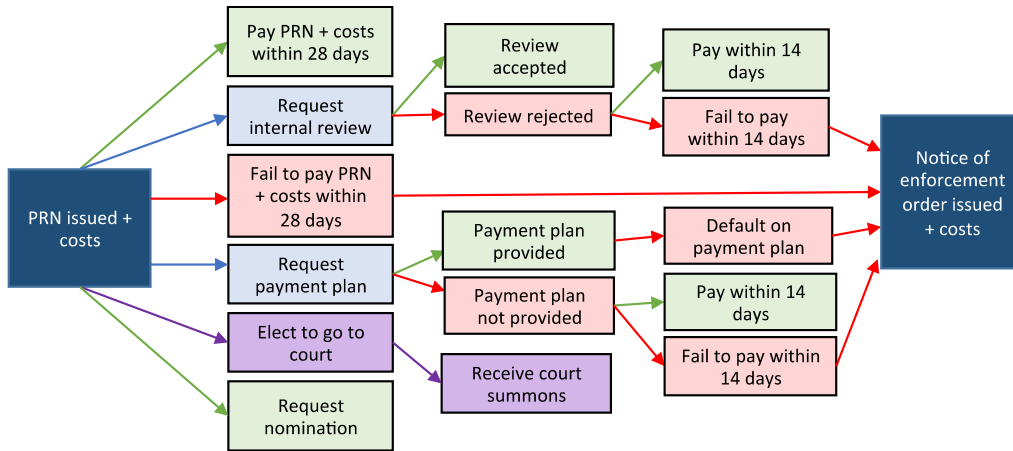
This section illustrates the possible variations of the infringement process at each stage of the infringements lifecycle. A detailed description of the infringements process at Stage 1 (the infringements fine stage) is illustrated in Chart 2:

Chart 2 – The infringements process Stage 1 (Infringement Fines Stage)



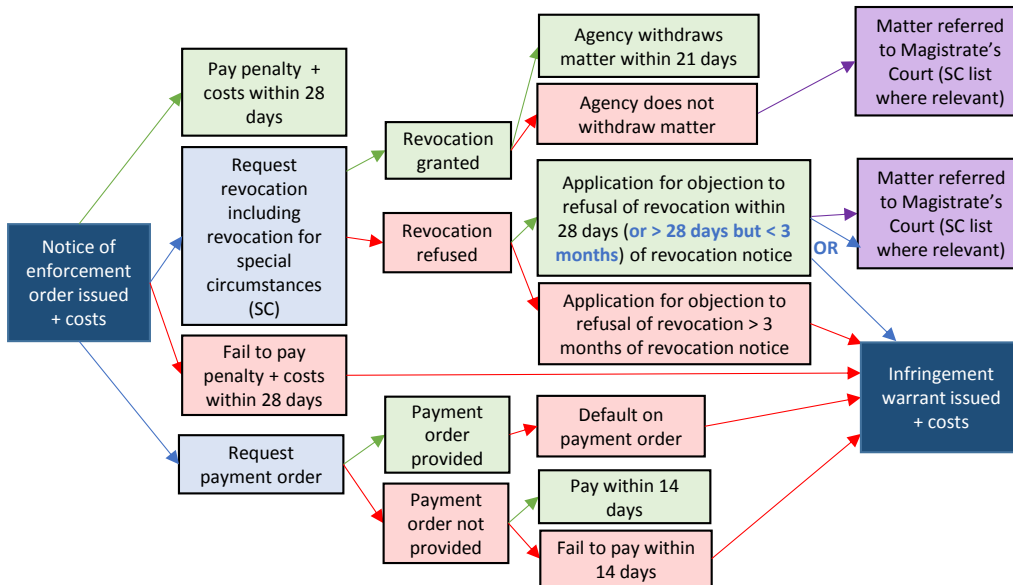
A detailed description of the infringements process at Stage 2 (the penalty reminder notice stage) is illustrated in Chart 3:

Chart 3 – The infringements process Stage 2 (Penalty Reminder Notice Stage)



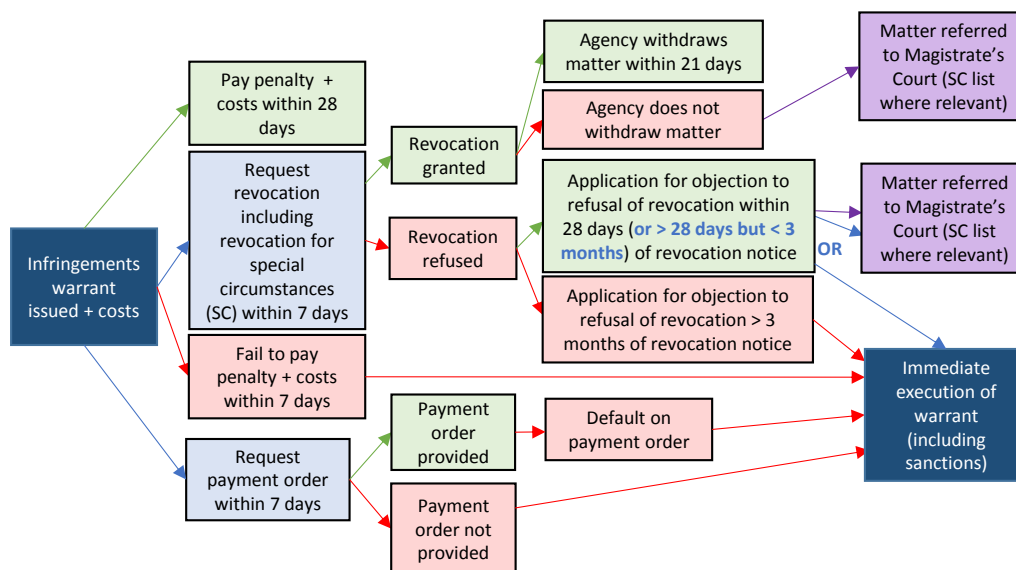
A detailed description of the infringements process at Stage 3 (the lodgement/enforcement order stage) is illustrated in Chart 4:

Chart 4 – The infringements process Stage 3 (Lodgement/Enforcement Order Stage)



A detailed description of the infringements process at Stage 4 (the infringement warrant stage) is illustrated in Chart 5:

Chart 5 – The infringements process Stage 4 (Infringement Warrants Stage)



1.1.9 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.

Penalty Reminder Notice (PRN)

A penalty reminder notice (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 certain enforcement agencies for example Victoria Police, the Department, through Civic Compliance Victoria, sends out the penalty reminder notice and administrative costs are added to the outstanding fine.

Lodging a matter with the Infringements Court and enforcement orders

Lodgement and enforcement order costs are 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. Regardless of whether the costs are payable by an enforcement agency, this cost of lodgement is passed on to the infringement offender and added to the outstanding amount. However, where the outstanding amount is collected from the individual, those fees are reimbursed to the enforcement agency.

Warrant issue

If the infringement offender does not pay the enforcement order and costs within 28 days, an infringement warrant is issued by the infringements registrar. There were 2,033,236 infringement warrants issued in 2013-14.²⁴ The Infringements Court,

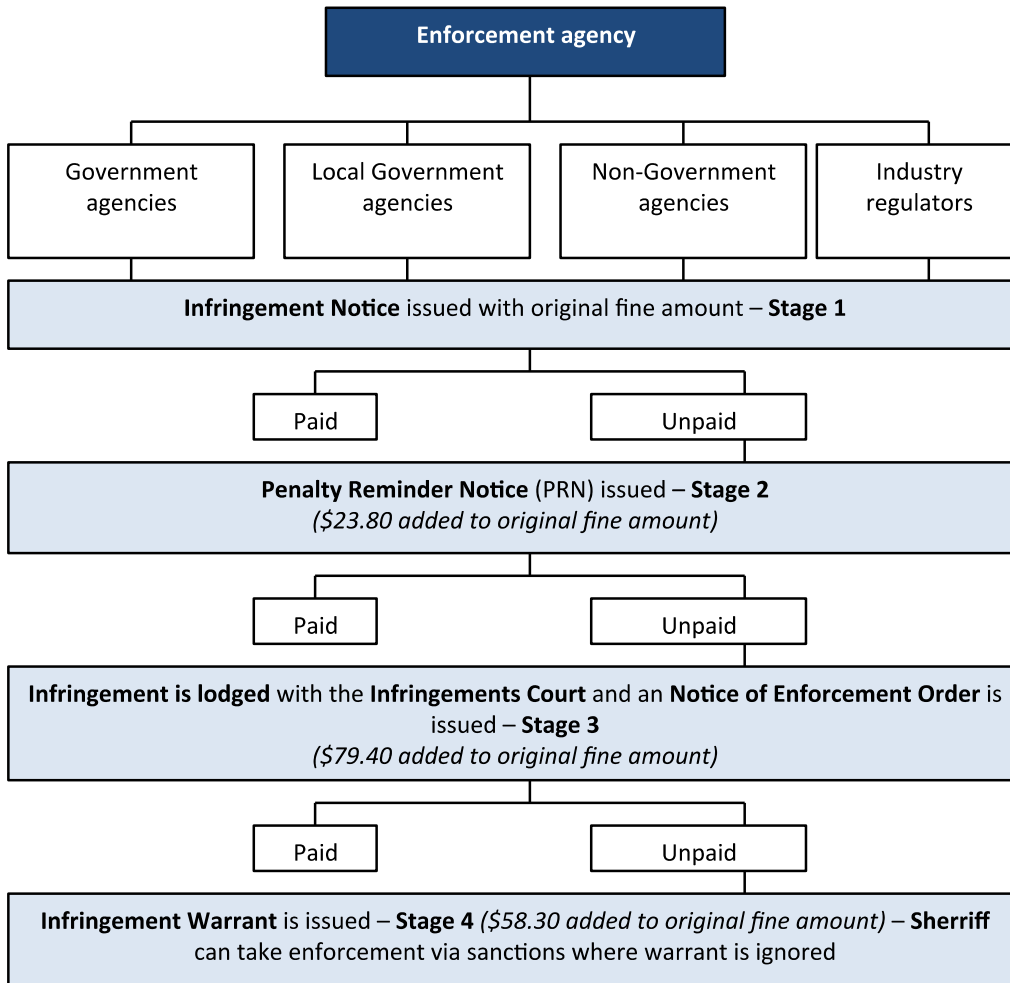
²⁴ There were 266,661 infringements warrants issued by the Infringements Court in 2013-14.

following the issue of the warrant, imposes a *warrant issue fee*. The Sheriff may apply sanctions, available under the Infringements Act at this stage, if a warrant is ignored. These sanctions include actions such as: preventing the renewal of vehicle registration, suspending vehicle registration or suspending a driver licence, seizing and selling property, wheel clamping of vehicles, or, as a final option, arresting the offender. The Sheriff's office can also issue a Community Work Permit if the person is considered eligible and does not have any goods that can be seized to satisfy the outstanding fines and fees. A Community Work Permit 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 installments. 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.

Figure 2 shows the various fees applicable under the existing stages of the infringements lifecycle.

Figure 2: Fees applicable under the existing stages of the infringements lifecycle – Victoria



1.1.10 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 comprehensive case example is provided:

Infringements Notice Enforcement – “An illustrative example of enforcing a parking matter”

Stage 1: Jarrod parks his 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). Jarrod is issued with an **infringement notice** from the City of Melbourne with a penalty of **\$74.00**. At this stage Jarrod’s options are to organise for a payment plan, an internal review, nomination of driver, make the payment, elect to go to court or do nothing. Jarrod chooses to do nothing.

Stage 2: After a period of 28 days Jarrod fails to pay the penalty amount and is issued with a **Penalty Reminder Notice (PRN)**, which includes the infringement penalty of \$74.00 and an additional fee of \$23.80. The total amount now owed by Jarrod is **\$97.80**. Upon receiving this notice Jarrod presents a health care card and requests a payment plan to get an extension organised with the enforcement agency. Jarrod fails to honour payments on the payment plan and defaults.

Stage 3: The City of Melbourne then seeks an **enforcement order** to require Jarrod to pay and **lodges the matter** with the Infringements Court in order to recover the penalty amount plus costs of lodgement and enforcement. The Infringements Court processes the lodgement and Jarrod is issued with an enforcement order notice directing him to pay the original penalty amount of \$74.00 with an additional PRN fee of \$23.80 and the added lodgement and enforcement order fee of \$79.40. The total amount now owed by Jarrod has escalated to **\$177.20**.

The Infringements Court then receives an application by Jarrod for revocation of the infringement matter (i.e. cancellation of the enforcement order) for special circumstances. The principal reason provided by Jarrod for 'special circumstances' is his casual status of employment. The Infringements Court reviews the revocation application and advises Jarrod of the refusal of revocation for special circumstances through a notice.

Jarrod is dissatisfied with the outcome and submits an objection (appeal) to the refusal of revocation notice to the Magistrates' Court via the office of the Infringements Court.

Stage 4: 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 Jarrod is now \$177.20 plus costs of the warrant of \$58.30 bringing the total to **\$235.50**.

The Sheriff's officer then calls at the warrant address and serves Jarrod a 7-day notice and payment demand. Jarrod has seven days to undertake action to pay, request a payment order, or apply for revocation. Jarrod proceeds to take no action and refuses to pay. Jarrod then has his vehicle wheel clamped by the Sheriff's officer until payment is made. Payment is made within three days and the wheel clamp is removed.

1.2 Infringements system legislative framework

1.2.1 The Infringements Act 2006

The 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 Act²⁵ 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 Act for further discussion in this RIS are shown in Table 3, and apply under certain conditions specified in relevant sub-sections, which have been omitted for ease of presentation.

Table 3 – Relevant sections of the Act

Sec.	Description of section
3	Definitions (e.g.): enforcement agency, enforcement order, infringements registrar, lodgeable infringement offence, payment order, payment plan, penalty reminder notice, 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.

²⁵ The 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
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 penalty reminder notice 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.
29(A)	Infringement penalty together with any prescribed costs 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 penalty reminder notice 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.
54(1)	Enforcement agency may lodge details of any outstanding amount of an infringement penalty in respect of a lodgeable infringement offence together with the prescribed costs (if any) with an infringements registrar.
58	Any time before an enforcement order is made, an enforcement agency may request an infringements registrar not to make an enforcement order.
59(1)	If an infringements registrar has not received a request under section 58 from an enforcement agency, the infringements registrar may make an enforcement order that the person pay to the Court the outstanding amount of the infringement penalty and the prescribed costs in respect of a lodgeable infringement offence.
64	Infringements registrar may revoke enforcement order and refer matter to Court.
65	Persons may apply to an infringements registrar for the revocation of the enforcement order.
76	Natural person may apply to an infringements registrar for a payment order.
80	Infringements registrar must issue an infringement warrant against a person to whom an enforcement order notice is sent if the person for a period of more than 28 days defaults in the payment of the outstanding amount of the fine, or defaults in the payment of a payment under a payment order.
81	On the issue of an infringement warrant, the prescribed fee is payable by the person against whom the infringement warrant is issued.
147	Offenders can elect to perform unpaid community work under a community work permit where the infringement warrant does not exceed \$10 000.
160	Court may order that the infringement offender be imprisoned for a period of one day in respect of each fine unit, or part of a fine unit, of the amount of the outstanding fines under the infringement warrant.
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 ²⁶

1.2.2 Current Infringements (General) Regulations 2006

The prescribed matters under the Infringements (General) Regulations 2006, 'the Regulations', as amended on 1 September 2015, and made under Section 168 of the Act, for further discussion in this RIS are shown in Table 4, and detail of subsections has been omitted for ease of presentation.

Table 4 –Summary of Infringements (General) Regulations 2006

Part	Reg./Schedule	Description of regulation
1	5	Definition of the Act, drug of dependence, Infringements Court ²⁷ and Regional Manager
2	6/7/8	Definition of enforcement agencies/Criteria for determining homelessness/Specified agencies
3	9	Prescribed costs for penalty reminder notices, lodgements and enforcement orders

²⁶ But does not include a person or body listed in section 90A(1) of the **Melbourne City Link Act 1995**.

²⁷ Defined under Magistrates Act.

Part	Reg./Schedule	Description of regulation
3	10	Warrant issue fee
3	11	Exemption from fees, costs and charges
4	12/12A/12B	Prescription of lodgeable/ further lodgeable/national law lodgeable infringement offences
5	13	Information to be lodged with the Court.
6	14/15/16	Prescription of minimum lodgeable infringement penalty amount/details, which an enforcement order must contain/and information when matter is referred to Court.
7	17/18/19/20	Prescription of the particulars being the outstanding amount of the fine under the infringement warrant including the lawful costs of execution/details which a seven-day notice must contain/prescribed persons (Sheriff or Deputy Sheriff)/and details to be contained in a written statement of consent to seizure of personal property.
8	21	Prescribed period of 7 days for the recovery, seizure and sale of a detained or immobilised vehicle.
9	22	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.
10	23	Amount of \$1,000 prescribed with regard to the attachment of earnings order ²⁸
10	24/25/26	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.
10	27/28/29	Details required in the application for the attachment of a debts order ²⁹ / circumstances for variation, discharge or suspension of attachment of debts order/or discharge of garnishee ³⁰ .
11	30/31/32	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.
13	42	Prescribing how a document may be served
	Schedule 1	List of enforcement agencies
	Schedule 2	Specified agencies who may give information for enforcement purposes
	Schedule 3	List of lodgeable infringement offences
	Schedule 4	List of further lodgeable infringement offences
	Schedule 4A	List of national lodgeable infringement offences
	Schedule 5	List of participating government enforcement agencies.

1.2.3 Current Infringements (Reporting and Prescribed Details and Forms) Regulations 2006

The prescribed matters under the Infringements (Reporting and Prescribed Details and Forms) Regulations 2006, 'the Regulations' as amended on 27 March 2013, and made under Section 168 of the Act, are shown in Table 5. Subsections are omitted for ease of presentation.

²⁸ Court order requiring employer of an offender to deduct money from salary for payment of the fine.

²⁹ Court order requiring someone who owes the offender money to pay that money towards the fine.

³⁰ 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.

Table 5 – Summary of Infringements (Reporting and Prescribed Details and Forms) Regulations 2006

Reg./Schedule	Description of regulation
4	Definition of the Act, Infringements Court, parking infringement, Toll Enforcement Office, Traffic Camera Office
5	Prescribed information that the enforcement agency must provide to the Attorney-General
6	Prescribed details which an official warning must contain
7	Prescribed date of withdrawal of official warning which is 6 months from the date of the official warning and the details that must be contained in the withdrawal of an official warning
8	Prescribed details which an infringements notice must contain
9	Prescribed details which a withdrawal notice must contain
10	Prescribed time in which an enforcement agency must undertake review is 90 days
11	Prescribed details which a penalty reminder notice must contain
12	Prescribed forms for infringement warrants
Schedule	Form 1: Infringement warrants for a natural person
Schedule	Form 2: Infringement warrants for a body corporate

1.3 Need to undertake a Regulatory Impact Statement and Scope

The two sets of regulations, as discussed in parts 1.2.2 and 1.2.3 in this RIS, are due to expire on 27 June 2016 and DJR is proposing to replace and combine them. Given that the proposal sets fees that are estimated to raise around \$209 million per year for DJR (by way of lodgements, enforcement orders and warrants issued) and around \$44 million per year for enforcement agencies (by way of Penalty Reminder Notices), a Regulatory Impact Statement (RIS) must be prepared according to the *Subordinate Legislation Act 1994*.

Neither the Act nor the Regulations impose infringement fines. Instead, they establish the infringements system, which comes into operation if these fines are not paid on time. For this reason, the infringement fines themselves are outside the scope of this RIS, which is concerned only with the regulations that assist in the enforcement of unpaid fines.

1.3.1 Fee provisions considered for analysis in this RIS

Infringements (General) Regulations 2006

The provisions in current regulation 9, which set the prescribed costs or fees with respect to: (a) penalty reminder notices, (b) lodgements and (c) enforcement orders, as well as current regulation 10, which sets out the warrant fee issue – impose significant costs and so are assessed in detail in this RIS.

1.3.2 Non-fee provisions considered in this RIS

Infringements (Reporting and Prescribed Details and Forms) Regulations 2006

Current regulation 7, which allows an enforcement agency to withdraw official warnings (and reinstate infringement notices) up to 6 months later, can result in a minor burden on offenders and is therefore considered in the scope of this RIS.

Infringements (General) Regulations 2006

In *Part 9*, current regulations 22(1) and (2), which impose prescribed details for inclusion in a statement of financial circumstances, would impose some costs on offenders in providing the prescribed details, since some of the details might not be readily available to the offender.

In *Part 10*, current regulations 25, 26 and 28, have been assessed as generating additional costs to government in *servicing* an attachment of earnings order to the offender in the case of discharge, variation or suspension of such an order (current regulation 25), the cessation of such an order (current regulation 26) or discharge, variation or suspension of attachment of a debt order (current regulation 28). However, DJR has advised that although there is power to use this form of sanction, there has never been an application of this sanction and therefore for the purpose of this RIS the incremental burden or impact of these proposed regulations are assumed to be nil and are therefore not considered.

Other provisions considered include current regulations 40 and 41 and the potential impact on offenders of not being able to choose what type of community work they undertake, as well as needing to comply with conditions of the community work permit.

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 remade are not analysed in detail.

The level of analysis in this RIS is commensurate with the level of expected impact. Detailed analysis is provided with respect to the proposed prescribed costs for penalty reminder notices, lodgements, and enforcement orders, as well as a warrant issue fee – hereafter referred to as simply ‘fees’, where the annual fee impact on the community is expected to be approximately \$253 million per annum. The proposed fee regulations are therefore, likely to have gross cost impacts of greater than \$2 million per annum across the population in Victoria.

The non-fee impact of the regulations is minor including an annual estimated cost of providing statements of financial circumstances of \$0.26 million per annum and an estimated cost of withdrawals of formal warnings to offenders of \$0.13 million. There are also some minor quantifiable impacts to offenders in not being able to choose what type of community work they undertake and needing to comply with conditions of the community work permit. Therefore, a discussion commensurate with this lower impact of non-fee regulations is provided.

1.4 Consultation

The primary process of consultation regarding the proposed regulations is the publication of a RIS for public comment for 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 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 2004*. Public comment is now invited on the proposed regulations for a period of 35 days until Monday 18 April 2016.

1.4.1 Consultation to date

In 2015, DJR arranged a series of in depth roadshows designed 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 this consultation process, DJR noted that the regulations under the Act would need to be remade and would form the subject of a RIS, and invited all of these stakeholders to inform 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 addition, it is noted that during the past decade DJR has arranged numerous roadshows and other formal stakeholder consultation processes, including providing ongoing support to the Infringements Standing Advisory Committee which meets several times each year. DJR also advised agencies that it would inform them directly once the RIS was made available for public comment. During these consultation processes, stakeholders have provided numerous suggestions for improvements to the Act, but there has not been a great deal of interest or concern in the details of the regulations themselves.

Section 2: Identification of the problem

Section 2 provides the basis or intervention logic behind the need for the proposed replacement Regulations 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 Part 2.2 of this RIS the base case is established in order to understand the consequences of sunseting regulations (i.e. having no relevant regulations).

2.1 The base case

The base case provides the benchmark for estimating the incremental costs and benefits of the proposed regulations in Part 4.0 of this RIS. In the case of sunseting regulations, the term 'base case' means the situation that would apply if the existing regulations³¹ were allowed to expire without replacement regulations (i.e. there would be no infringements regulations). The various components of the base case would include:

- relevant market forces (i.e. what stakeholders would normally do in the absence of regulations)
- the relevant provisions of the Infringements Act as outlined Part 1.2.1 of this RIS
- the provisions of other relevant legislation, such as the *Sheriff Act 2009*
- no prescribed costs for Penalty Reminder Notices, Lodgements, Enforcement Orders or Warrant issue fees, and
- no prescribed lodgeable infringement offences (that is, offences that may be enforced by the Infringements Court).

In the absence of the existing regulations, infringement fines could still be issued under the base case for the 1800 offences listed under more than 60 individual Acts, but there would be no operational infringements system to enforce the payment of the fines. Offenders could, however, be charged and receive a summons to go to court under the Criminal Procedure Act 2009 to be prosecuted under a summary hearing for failing to pay an infringement fine.

2.2 Problem to be addressed

In accordance with Government guidelines,³² 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?*

The nature and extent of the problems are best identified by considering the likely consequences if the current regulations³³ were permitted to expire on 27 June 2016,

³¹ Infringements (General) Regulations 2006 and the Infringements (Reporting and Prescribed Details and Forms) Regulations 2006.

³² Department of Treasury and Finance, Victorian Guide to Regulation December 2014.

³³ The *Infringements (General) Regulations 2006* and the *Infringements (Reporting and Prescribed Details and Forms) Regulations 2006*.

without being remade. In order of severity of impact, these problems may be summarised as follows:

Non-fee problems

1. The vast majority of lodgeable infringement offences being no longer prescribed, resulting in the infringements system becoming inoperable resulting in a breakdown in law and order and an increased burden on the open court, whereby the benefits³⁴ of the infringements system fail to be captured.
2. A lack of certain prescribed definitions, criteria and other details, which would severely restrict the operation of the infringements system.

Fee problem

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

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.

These problems would only apply for a critical period between the expiry of the regulations on the 27 June 2016 and the commencement date for the final phase of Fines Reform, expected to be 31 December 2017, after which any remade regulations proposed would be replaced with a new set of regulations. That is to say the aforementioned problems would accrue over a period of 18 months and the analysis in this RIS reflects this critical period. Both of these sets of problems are discussed in detail the next sections.

2.3 Non-fee related problems – inoperative infringements system

According to section 7 of the Act, the majority of provisions in the Act apply only to 'lodgeable infringement offences'. These are defined in section 3 as infringement offences prescribed under the Act to be enforceable under the Act. In other words, unless any such infringement offences are prescribed by regulation, there would be no offences to which the enforcement mechanisms in the Act apply and the infringements system (as described in Part 1.1.1 of this RIS) would become *inoperative*.

Although enforcement agencies may be prescribed and *listed* under Schedule 1 of the current Infringements (General) Regulations 2006, according to DJR this is primarily to provide certainty and most enforcement agencies would remain captured by the definition under the Act (section 3).

In addition, there would be no 'specified agencies' for the purposes of section 164 of the Act. Section 164(3) authorises a specified agency to provide information to an infringements registrar or the Sheriff that would otherwise be confidential. If no specified agencies were prescribed, this may significantly restrict the work of the

³⁴ See Part 1.1.1 for detailed discussion of benefits of the infringements system.

infringements registrar and the Sheriff in enforcing the infringements system. This would also limit the effective operation of the infringements system and the law and order benefits it provides.

Infringement notices (i.e. fines) could still be issued under more than 60 individual Acts, but as there would be no infringements system to enforce payment, there would be little incentive for offenders to pay these fines.

The consequences of the base case include adverse impacts on law and order. Apart from the loss of demerit points for driving offences, there would be a significant major lack of deterrence against committing offences to which the infringement fines apply, resulting in adverse impacts on law and order in relation to minor crimes, with serious consequences to vital systems such as road safety and parking availability. Traffic and parking offences *make up the bulk volume of offences* (i.e. 58.6 and 33.9 per cent of all detected infringement offences, respectively, as shown in Table 1 of this RIS). There would also be some consequences in relation to public transport offences (4.07 per cent of all detected offences, as shown in Table 1) and 'other categories' of offences including: excessive speed, drink & drug driving, animal, local law, consumer safety, industry regulation, electoral, environmental and pollution, and marine (3.49 per cent of all detected offences).

Under the base case there would also be an increased burden on the courts and enforcement agencies by converting the prosecution of minor crime from an administrative process to a judicial process. Offenders receiving infringement notices would be charged and receive a summons to go to court under the **Criminal Procedure Act 2009** to face the enforcement agency prosecutor. However, it has been noted that the Victorian court system would be overwhelmed if all traffic and parking offences resulted in a court appearance.³⁵ Appendix 6 illustrates the potential consequences under the base case of a lack of an effective infringement enforcement system due to the costs of running additional court appearances, both for the Magistrates' court and enforcement agencies.

2.4 Non-fee related problems – ineffective infringements system

2.4.1 Lack of certain prescribed definitions, criteria and other details

There are literally dozens of provisions of the Act that require certain details to be prescribed by regulation to enable the infringements system to operate effectively. Whilst not closing down the system entirely, the lack of such regulations, for the 18-month period in question, would severely restrict the operation of the infringements system and the justice benefits it provides. The missing prescribed details would include the following matters as outlined in Table 6.

³⁵ 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.

Table 6: Prescribed details to expire 27 June 2016

Category	Prescribed details
<i>Definitions and criteria</i>	<ul style="list-style-type: none"> • criteria for determining homelessness • definition of nature of unpaid community work • a minimum lodgeable infringement penalty amount.
<i>Periods, amounts and circumstances</i>	<ul style="list-style-type: none"> • prescribed period for the recovery/seizure/sale of detained or immobilised vehicle • minimum prescribed amount for an attachment of earnings order • prescribed circumstances for the discharge, variation or suspension of an attachment of earnings order • prescribed circumstances in which an attachment of earnings order may be varied, discharged or suspended by an infringements registrar • prescribed circumstances for the variation, discharge or suspension of attachment of debts order • prescribed circumstances for the valid discharge of the garnishee's liability to the person against whom an infringement warrant has been issued to the extent of the amount paid or levied even if subsequently the attachment of debts order is varied, suspended or discharged • prescribed minimum amount for charges over and sale of real property (i.e. land and buildings) • prescribed manners of service of notice of intention to sell land, and • prescribed maximum period for the withdrawal of an official warning.
<i>Details that notices must contain</i>	<ul style="list-style-type: none"> • specified information to be lodged with the Court • details which an enforcement order notice must contain • information when a matter referred to Court • details which a seven-day notice must contain • details to be contained in a written statement of consent to seizure of personal property • prescribed details to be included in a written statement setting out the financial circumstances of a natural person • details of application for attachment of earnings order • details of application for attachment of debts order • details of accurate records in relation to community work permits to be kept by the Regional Manager of a region in which a community corrections centre is located • prescribed details of a lawful instruction or direction given to an infringement offender by a community corrections officer • matters to be specified in community work permit • details of the commencement of a community work permit • details of application for variation or cancellation of community work permit • details of how fines on community work permit can be paid • details of reports by enforcement agencies to the Attorney-General • prescribed details which an official warning must contain • prescribed details which a withdrawal of an official warning must contain • prescribed details which an infringement notice must contain • prescribed details which a withdrawal notice must contain • prescribed details which a penalty reminder notice must contain, and • prescribed particulars to be contained in a notice of intention to sell land.
<i>Prescribed persons</i>	<ul style="list-style-type: none"> • prescribed persons having the power to issue a certificate purporting to be given by that person stating that it appears from a return or returns lodged under the Corporations Act that a person was a director of the body corporate in default at the time of the commission of the offence for which the infringement notice was issued, and • prescribed person for filing a charge-sheet in relation to a community work permit.
<i>Forms</i>	<ul style="list-style-type: none"> • prescribed form for an infringement warrant,
<i>Other matters</i>	<ul style="list-style-type: none"> • copies of community work permits to be provided to Regional Manager • obligations of infringement offender subject to community work permit, and • the prescribed manner by which a document required or permitted by the Act to be given or served,

Category	Prescribed details
	<ul style="list-style-type: none"> inability to filter the vulnerable in the community out of the infringements system (i.e. those in special circumstances³⁶).

The consequences of the absence of such prescribed details, if the regulations are not remade, would be significant. It is noted, for example, that if there were no prescribed details for an infringement notice, any enforcement steps in the system could be open to legal challenge based on legal uncertainty surrounding the form and validity of the original infringement notice. Similar issues arise with failing to prescribe the details of a PRN, enforcement order notice, warrant and the details of various enforcement measures and other matters. In other words, the impact of failure to prescribe all of the details covered by the existing regulations, would have the overarching effect of making the infringements system difficult to operate in practice, since multiple steps in the process would be subject to legal uncertainty and potential invalidity.

While the consequences of not prescribing such details cannot be underestimated, it is noted that if the regulations were not remade, the absence of prescribed 'lodgement infringement offences' would of itself render the infringements system inoperable since unpaid infringements matters would be unenforceable by the Infringements Court and it would be impracticable and too expensive to enforce such high volume offences through the Magistrates Court.

2.5 Fee-related problems

If no new regulations were made to replace the existing regulations, there would be no prescribed costs/fees and, therefore, no cost recovery for various services provided (as required by the Act). As shown in Table 7, there is an estimated \$260.8 million in projected annual revenue through the existing 2015-16 fees.

Table 7: Projected annual revenue from 2015-16 fees

Type of output	Outputs (3-year average) ³⁷	Extrapolated fees based on 2015-16 current fees
PRN	1,856,551	\$45,448,368
Lodgement	1,068,621	\$56,679,676
Enforcement order	1,741,955	\$49,750,225
Warrant	1,820,339	\$108,929,106
Total		\$260,807,375

As shown in Table 8, the annual IMES financial allocation of cost for managing fees for 2013-14³⁸ was approximately **\$286.4 million**.

³⁶ The special circumstances that are included in the definition of this term in the Act are: mental or intellectual disabilities or disorders, homelessness, or serious drug/alcohol/substance addictions.

³⁷ Years 2011-12 to 2013-14.

³⁸ As at 21 September 14-15 Actuals (from the Annual statement) have not been signed off by Parliament - therefore 13-14 actuals are the basis for this report.

Table 8: Annual IMES costs, bad and doubtful debts 2013-14³⁹

Expense category (fee related only)	2013-14
Deputy Sheriff	\$5,228,671
Head Office Sheriff Operations	\$2,085,653
Regional Sheriff Operations	\$22,350,258
Systems Monitoring	\$386,913
Commercial and Legal Services	\$1,656,760
Contract Compliance	\$72,566,346
Infringements Court	\$3,229,285
Total annual IMES costs	\$107,503,885
Bad Debts	\$84,925,821
Doubtful Debts	\$97,271,762
Bad Debts Recovered	-\$3,303,416
Total annual cost of bad and doubtful debts	\$178,894,168
Total annual costs	\$286,398,053

Bad and doubtful debts reflect the unrecovered costs of fines enforcement and activities associated with such enforcement including processing PRNs, lodgements, enforcement orders and warrants (as opposed to the fine itself), which have been written off in a particular financial year but cover the previous five years. 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.

Total annual administered fee revenue collected by IMES in 2013-14 was around **\$261.89 million**, as shown in Table 9.

Table 9: Annual IMES fee revenue 2013-14

Revenue category (fee related only)	2013-14 Volume	2013-14 Fees	Revenue 2013-14
PRN fee	1,835,129	\$23.10	\$42,391,480
Lodgement fee	1,087,326	\$50.10	\$54,475,033
Enforcement order fee	1,421,035	\$27.00	\$48,910,365
Warrant fee	2,033,236	\$56.50	\$114,877,834
Civil Warrant, Photo Fees	-	-	\$1,232,620
Total annual revenue			\$261,887,332

The resulting net annual shortfall is therefore approximately **\$24.51 million⁴⁰**. 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 infringement enforcement processes,

³⁹ Includes pro rata distribution of Department of Justice and Regulation Government, Executive & Corporate Support (GECS) costs of \$28,525,581 for 2013-14 and IMES Executive, Finance & Business Services, Strategic Information Services Policy and Oversight costs of \$7,571,025 for 2013-14

⁴⁰ \$286,398,053 less \$261,887,332

which can produce potential delays in timing, given that the aim is recovery over a five-year period.

A percentage of PRN fee revenue collected by IMES during latter stages of enforcement goes back to ‘type-a’ enforcement agencies, namely councils, whereas the remaining PRN fee revenue, for matters such as those relevant to the Traffic Camera branch of Victoria Police, is kept by the Victorian Government IMES 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 IMES to effectively enforce lodged infringement matters in a timely manner and so would need to be funded by increasing funding via general tax revenue. This problem would be relevant for 18 months.

2.5.1 The need for provision of services that give rise to costs

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

Outsourced costs

An external provider charges a flat⁴¹ fee of \$15 per infringement matter for administrative services provided across all outputs including PRNs, Lodgement, Enforcement Order and Warrants issued. The apportionment of external provider costs across these outputs is summarised in Table 10. The volume of output does not diminish as matters move between different stages of the enforcement process due to the discrepancy between calendar years and the infringements process and delays in timing. Furthermore, enforcement order volumes are greater than the volume of lodgements, as the former (enforcement order) relates to the registration of a matter and occurs first – whereas the latter (lodgement) actually refers to the management of enforcement activity of the lodged infringement matter (see Glossary). This somewhat counterintuitive nomenclature will be revised by the Fines Reform Act when it commences.

Table 10: Average volume of outputs 2011-12 to 2013-14 and apportionment of external provider charge of \$15⁴²

Category of output	2011/12 volume	2012/13 volume	2013/14 volume	Average volume of annual output	% total average annual outputs	Pro Rata of \$15 flat fee
PRNs ⁴³	1,570,916	2,163,608	1,835,129	1,856,551	28.62%	\$4.29
Lodgements	901,998	1,216,540	1,087,326	1,068,621	16.47%	\$2.47
Enforcement Orders	1,565,585	1,848,784	1,811,495	1,741,955	26.85%	\$4.03
Infringement Warrants	1,715,391	1,712,391	2,033,236	1,820,339	28.06%	\$4.21

⁴¹ The breakup of flat \$15 charge against outputs cannot be provided due to commercial-in-confidence requirements.

⁴² Source: Data provided by IMES including annual reports.

⁴³ PRN volumes are obtained from the VIMS data warehouse via IMES.

Category of output	2011/12 volume	2012/13 volume	2013/14 volume	Average volume of annual output	% total average annual outputs	Pro Rata of \$15 flat fee
Total outputs	5,753,890	6,941,323	6,767,186	6,487,466	100.00%	\$15.00

Costs associated with Penalty Reminder Notices (PRNs)

Two types of enforcement agencies are considered with respect to PRNs including: (*type-a*) local councils based on the PRN costs of a large metropolitan council, and (*type-b*) the Traffic Camera Office (TCO) branch of the Victoria Police. These two types are considered specifically, as they represent the bulk of infringement fines issued, as shown in Table 11.

Table 11: Average annual infringements issued and distribution of infringements between councils and Victoria Police

Category of infringements issued	2011/12 volume	2012/13 volume	2013/14 volume	Average volume	Percentage of total infringements issued
Parking infringements issued by <i>type-a</i> enforcement agency (local councils)	1,605,633	1,649,663	1,609,163	1,621,486	31.19%
Traffic infringements issued by <i>type-b</i> enforcement agency (Victoria Police - Traffic Camera Office)	2,732,714	3,374,073	2,915,442	3,007,410	57.85%
Other infringements issued	450,038	796,643	463,649	570,110	10.97%
Total infringements issued	4,788,385	5,820,379	4,988,254	5,199,006	100.00%

The main activities associated with PRNs include nominations, internal reviews, payment plans⁴⁴ and court elections (see discussion in Part 1.1 of this RIS for a detailed description of these activities). The costs of these are allocated pro rata by establishing the distribution of respective outputs as a proportion of total PRN related outputs, as shown in Table 12.

Table 12: Estimated average volume of output across nominations, internal reviews, payment plans, court elections and direct PRN processing activities – 2011-12 to 2013-14

Category of output (enforcement agency type)	2011/12 volume	2012/13 volume	2013/14 volume	Average annual output	% average annual output
Nominations (type – a)	129,261	124,747	124,581	126,196	6.87%
Nominations (type – b)	716,956	758,890	672,038	715,961	38.97%
Infringement reviews (type – a)	168,315	188,562	193,644	183,507	9.99%
Infringement reviews (type – b)	183,789	227,391	221,153	210,778	11.47%
Payment Plans (type – a)	34,607	44,894	42,588	40,696	2.22%
PRNs directly processed (type-a)	515,147	497,158	496,494	502,933	27.38%
Court Elections (type – a)	2,834	7,280	4,049	4,721	0.26%
Court Elections (type – b)	40,289	50,894	65,714	52,299	2.85%
Total annual PRN related outputs	1,791,198	1,899,816	1,820,260	1,837,091	100.00%

⁴⁴ Payment plans and PRNs (completely automated) are processed on behalf of the TCO by the external contractor and costs are included in Table 10.

As shown in Table 13, the estimated average cost of issuing a PRN, including services bought in by external providers, is approximately **\$21.47 per matter** – including all relevant VicRoads search/extract costs, debt collection costs, contract and legal costs.

Table 13: Average cost of a PRN per matter – 2015-16

Description of costs	Cost per infringement matter	Pro Rata apportionment	Costs allocated
Nominations (type – a)	\$11.42	6.87%	\$0.78
Nominations (type – b)	\$11.76	38.97%	\$4.58
Infringement reviews (type – a)	\$42.30	9.99%	\$4.23
Infringement reviews (type – b)	\$22.32	11.47%	\$2.56
Payment Plans (type – a)	\$53.08	2.22%	\$1.18
Direct costs of PRN processing	\$4.12	27.38%	\$1.13
Court Elections (type – a)	\$274.60	0.26%	\$0.71
Court Elections (type – b)	\$70.41	2.85%	\$2.00
Cost of external provider ⁴⁵			\$4.29
Total cost of outputs per matter			\$21.47

Costs associated with Lodgement

The cost of lodgement is associated with the costs of managing the enforcement of the lodged infringement matter⁴⁶. These costs of *management of enforcement* for the Infringements Court includes the following outputs:

- Payment orders
- Cost variations
- Applications for general revocations
- Applications for special circumstance revocations
- Processing Enforcement Agency withdrawals
- Applications for objections to refusal of revocations, and
- Processing 89B applications (dealing with excessive speed and drink driving).

Cost for payment orders, cost variations, applications for general revocations, applications for special circumstance revocations, withdrawals, objections to refusals of revocations and 89B applications are allocated pro rata by establishing the distribution of these outputs as a proportion of all total outputs, as shown in Table 14.

Table 14: Estimated average volume of output associated of managing enforcement of lodged matter by the Infringements Court – 2013-14⁴⁷

Category of output (applications)	2013/14 volume	Percentage of total average annual output
Payment orders + cost variations applications	46,760	37.81%
General revocation applications	36,284	29.34%
Special circumstance revocation applications	5,842	4.72%
Withdrawals	32,457	26.24%
Objections to refusal of revocation applications	2,343	1.89%
Section 89B applications	189	0.15%
Total number of outputs	123,686	100.00%

⁴⁵ See Table 10 for allocation of outsourced costs

⁴⁶ IMES, *The Infringements System (prior to changes to be made under the Fines Reform)* CD/14/523460

⁴⁷ Source: Data provided by the Infringements Court

As shown in Table 15, the estimated average cost of managing enforcement of lodged matters with the Infringements Court including services bought in by external providers is approximately \$9.78 – This includes all relevant costs of outputs discussed.

Table 15: Average cost of managing enforcement of lodged matter by the Infringements Court – 2014-15

Description of costs	Cost per infringement matter	Pro Rata apportionment	Costs allocated
Cost of payment order + cost variation	\$9.29	38%	\$3.51
Cost of general revocation	\$6.79	29.3%	\$1.99
Cost of special circumstance revocation	\$1.96	4.72%	\$0.09
Cost of withdrawal	\$0.11	26.24%	\$0.03
Cost of objection to refusal of revocation	\$4.48	1.89%	\$0.08
Cost of Section 89B application	\$27.07	0.15%	\$0.04
Cost of external provider ⁴⁸			\$4.03
Total cost of outputs per matter			\$9.78

The management of enforcement also includes warrant enforcement conducted by the Sheriff's Office. 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 order or apply for a revocation order or object to refusal of a revocation within the 'seven-day notice' period. These sanctions designed to prompt payment include: wheel clamping⁴⁹, registration non-renewal, seizure and sale of goods, third party claims, suspension of driver licences or vehicle registrations, or arrest. The estimated cost of this per matter is \$55.33, as shown in Table 16.

Table 16: Average cost of managing enforcement of lodged matter by the Sheriff's Office – 2014-15

Activity	Cost per matter
Sanctions	\$15.77
Seizure and removal of assets	\$0.80
Sale of assets	\$3.06
Third party claims	\$0.22
Arrest	\$35.48
Total	\$55.33

The combined estimated average cost of managing the enforcement of a lodged matter by the Infringement's Court (\$9.78) and the Sheriff's Office (\$55.33) is **\$65.11 per matter**.

Costs associated with Enforcement orders

The costs of an enforcement order relate to registration costs incurred by enforcement agencies in lodging matters with the Infringements Court.⁵⁰ The *lodgement of matters with the Infringements Court* includes: pre-lodgement and post-lodgement enforcement order registration activities by the enforcement agency, as well as the direct cost of processing the lodgement disk by the Infringements Court.

With regard to post-lodgement activities – if an application for revocation for special circumstances is not granted by the Infringements Court and the matter is not

⁴⁸ See Table 10 of this report for allocation of outsourced costs.

⁴⁹ Can occur before a seven-day notice is issued.

⁵⁰ IMES, *The Infringements System (prior to changes to be made under the Fines Reform)* CD/14/523460.

withdrawn by the enforcement agency, then the enforcement order is revoked by the Infringements Court and the matter is listed for hearing in the Special Circumstances List before a magistrate or judicial registrar. In the case of a rejection of an application for general revocation and/or objections to refusal of revocation by the Infringements Court – the enforcement order is again revoked by the Infringements Court and the matter is listed for a summary hearing. In both these cases, the cost of post-lodgement activities includes attendance by the enforcement agencies prosecutor at a summary hearing for matters either included or not included in the Special Circumstances List.

With regard to pre-lodgement, disk lodgement and post-lodgement activities – two types of enforcement agencies are considered, including: (*type-a*) councils (e.g. Melbourne City Council), and (*type-b*) the Traffic Camera Office (TCO) branch of the Victoria Police, as well as the Infringements Court. Costs and pre lodgement⁵¹, disk lodgement and post lodgement activities are allocated pro rata by establishing the distribution of these outputs as a proportion of total related outputs for the registration of lodged matters for enforcement, as shown in Table 17.

Table 17: Estimated average volume of output across registration activities – 2013-14

Category of output	2013/14 volume	Percentage of total average annual outputs
Estimated Pre lodgements registration (type – a)	2,332	2.10%
Disk lodgements (Infringements Court) ⁵²	1,068	0.96%
Estimated Post lodgement registration (type-a)	2,990	2.69%
Post lodgement (type-b) ⁵³	104,908	94.26%
Total number of registration outputs	111,298	100.00%

As shown in Table 18, the estimated average registration cost, including services bought in by external providers for enforcement orders, is approximately **\$34.02 per lodged matter**.

Table 18: Average cost of registration of a lodged matter with the Infringements Court for enforcement order – 2014-15

Description of costs	Cost per infringement matter	Pro Rata apportionment	Costs allocated
Pre-lodgement registration (type-a)	\$0.12	2.10%	\$0.0026
Disk lodgement (type-a)	\$0.04	0.96%	\$0.0003
Post-lodgement registration (type-a)	\$44.34	2.69%	\$1.19
Post-lodgement registration (type-b)	\$32.21	94.26%	\$30.36
Cost of external provider ⁵⁴			\$2.47
Total cost of outputs per matter			\$34.02

Costs associated with issuing/serving a warrant

The cost of issuing and serving a warrant is estimated to be **\$57.65 per matter** and includes the time required for the preparation of a warrant, issuing a warrant, serving

⁵¹ Pre lodgement activities are processed on behalf of the TCO the external contractor and costs are included in Table 10 in this RIS.

⁵² There were 1,068 lodgement disks processed by the Infringement's court in 2013-14.

⁵³ An average of 104,908 revocations and appeals processed per annum based on data for 2013-14 and 2014-15 (data provided by the TCO).

⁵⁴ See Table 10 of this report for allocation of outsourced costs.

a 7 day notice and payment demand, application for payment order and external contractor, as shown in Table 19.

Table 19: Average cost of issuing and serving a warrant by the Sheriff's Office – 2014-15

Activity	Cost per matter
Issuing a warrant	\$20.51
Serving a 7 day notice and payment demand	\$31.93
Application for payment order	\$1.00
External contractor ⁵⁵	\$4.21
Total	\$57.65

The costs of the infringements system are summarised in Table 20 and estimated to be \$273.63 million per annum in total.

Table 20: Estimated cost of the infringements system – 2014-15

Type of output	Outputs	Per unit cost (2014-15)	Total estimated cost (2014-15)
PRN	1,856,551	\$21.47	\$39,852,434
Lodgement	1,068,621	\$65.11	\$69,576,877
Enforcement order	1,741,955	\$34.02	\$59,266,636
Warrant issue	1,820,339	\$57.65	\$104,937,992
Total			\$273,633,939

2.5.2 Efficiency measures adopted by IMES in service delivery

The majority of the costs of administering the infringements system are determined by the structure of the Infringements Act and the constraints imposed by the legacy IT system that is used to administer it. As a result, while IMES has 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 replacement 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.

DJR considers that the outsourcing process that was undertaken for 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 1989. 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 the Department went to tender in January 2007 for two separate services: one for Traffic Camera Services and one for Infringement Management and Enforcement Services.

⁵⁵ See table 9 for apportioned cost of contractor.

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 contract, which forms part of the costed activities in this RIS). The IMES contract 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 took up. Prior to the contract end date, a further extension was approved until January 2017.

The latest IMES Agreement expires on 31 January 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.

2.5.3 The need for cost recovery and government policy

Prescribed fees for services are governed by the Act which enables regulations to be made to set fees for any and all transactions involving activities around penalty reminder notices, lodgements, enforcement orders and 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.”⁵⁶

The default position with regard to 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.⁵⁷

Efficiency objective⁵⁸

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* or appropriate ‘price signal’ of regulatory services (i.e. *allocative efficiency*) involves fees which reflect the costs of providing penalty reminder notices, lodgements, enforcement orders and issuing 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.

There is a case for charging at less than full cost recovery for those services displaying positive externalities (third party benefits) where such services generate both private

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

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

⁵⁸ Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.

and public benefits. Charging full cost recovery fees in the case of positive externalities means that less than an efficient amount of resources will be dedicated, as too few services will be provided. However no public benefits have been identified with respect to the infringements system per se. That is to say, it is the fines themselves, which act as a public benefit and deterrence. The enforcement of infringement fines or the infringements system simply involves activities dedicated to pursuing non-compliant individuals who fail to pay their fines.

Equity objective⁵⁹

The costs of processing penalty reminder notices, lodgements, enforcement orders, as well as warrants, as discussed in section 2.1.1, 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.”⁶⁰ 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 associate costs regardless of whether or not they benefit from – or give rise to the need for – infringements enforcement activities.

Effectiveness of fees

The cost of implementing the fees will be another key consideration in determining the affordability of fee regulations, particularly given the understanding that the proposed fees will only be in operation for a period of 18 months. That is to say, the proposed fees will only in operation until the fines reform process is finalised.

⁵⁹ Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.

⁶⁰ Government of Victoria, January 2013, *Cost Recovery Guidelines*, Department of Treasury and Finance, Melbourne.

Section 3: Specification of the desired objectives

Having regard to purposes of the Act and the above discussion, to solve the problems identified in Parts 2.3, 2.4 and 2.5 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 notice, and*
2. *To recover from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the 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 to achieve the objectives

In accordance with government guidelines, Part 4 of this RIS identifies feasible options.

Options are selected and assessed in terms of their ability to achieve the objectives of the regulations and adhere to the principles of the Guidelines⁶¹. As required by the *Victorian Guide to Regulation*, all options are assessed in comparison to the 'base case'⁶² in which no details or fees are prescribed. The base case is the benchmark for measuring the costs and benefits of the alternatives, and therefore, cannot itself be an option. Nor would the base case solve the identified problems discussed in Part 2 of this RIS or contribute towards achievement of the policy objective as discussed in Part 3.

A RIS is not required to consider options which are either not feasible or beyond the scope of the existing Act. As the Act mandates that fees and other details required for the operation of the infringements system to be prescribed by regulation, there are no feasible non-regulatory alternatives (such as voluntary guidelines) available in these cases.

4.2 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:

- Regulation 7 under the *Infringements (Reporting and Prescribed Details and Forms) Regulations 2006*, which would otherwise allow an enforcement agency to withdraw official warnings and reissue the infringement notices within 6 months of the date of the alleged offence
- Regulations 22(1) and (2) under the *Infringements (General) Regulations 2006*, which would otherwise prescribe details that must be included in a written statement setting out the financial circumstances of a natural person or body corporate during an oral examination, and
- Regulations 40 and 41 under the *Infringements (General) Regulations 2006*, with the potential impact on offenders of there not being a discretion with respect to what type of community work they must undertake, as well as needing to comply with conditions of the community work permit.

As shown in Table 21, the total annual quantifiable incremental cost of current non-fee regulations as compared to the base case, are estimated to be \$0.39 million or **\$0.55 million over 18 months** in present value dollars.

⁶¹ Department of Treasury and Finance, *Victorian Guide to Regulation* December 2014.

⁶² See Part 2.1 of this RIS for a detailed discussion of the base case.

Table 21: Summary of quantifiable costs of current non-fee regulations – 2016-17 to mid-2017-18⁶³

Reg. No.	Nature of costs as compared to the base case based on estimated volumes	Costs imposed on	Annual costs (\$m)	18-month present value costs (\$m)
22	Compliance with providing statements of financial position in relation to payment orders (1,708 per annum)	Those under financial hardship applying for payment orders	\$0.26	\$0.37
7	Payment of fines after withdrawal (6 warnings per annum)	Drivers	\$0.0009	\$0.001
7	Payment of fines after withdrawal of 1,029 warnings per annum	Drivers, users of local council services/facilities	\$0.077	\$0.110
7	Payment of fines after withdrawal of 4 warnings per annum	Users of government services/facilities	\$0.000	\$0.000
7	Payment of fines after withdrawal of 226 warnings per annum	Users of industry regulated services/facilities	\$0.053	\$0.075
Total			\$0.39	\$0.55

Table 22 summarises the unquantifiable/unmonetisable costs under current regulation 40 and 41. As shown in Table 22, the largest frequency of unquantifiable costs of the non-fee regulations is expected to be around community work permits. Loss of discretion over type of community work is treated as a cost to the extent that some of the 1,641 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 infringement offender being required to perform certain broad types of community work under a community work permit, 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.

⁶³ See Tables A4.1 and A4.2 in Appendix 4 for source of estimates.

Table 22: Summary of unquantifiable costs of current non-fee regulations as compared to the base case

Reg. no.	Nature of annual costs as compared to the base case (estimated volumes)	Unquantifiable costs imposed on
40	Loss of choice over type of community work for up to 1,641 offenders	Those undertaking community work
41	Cost of 1,641 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 conditions on 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 existing regulations, which might benefit stakeholders in the next 18 months and which, while designated for adoption as part of implementing the Fines Reform Act, could ‘easily’ be changed for the proposed regulations. While it is expected that the Fines Reform Act will introduce new reforms which necessitate a range of supporting regulatory changes, none of these changes can be brought forward in the absence of the associated legislative changes and IT system changes. The Department’s view is that apart from the potential omissions discussed above, there are no other short-term changes that could be made to the existing 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.

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 current 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.

Moreover, under Fines Reform, there will be an overhaul to the current infringements system both in terms of the enforcement process itself, and the IT system that supports it, such that there are few if any opportunities to make changes to the regulations now that could lay a foundation for the new system. In particular, Fines Reform will:

“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]...will introduce 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.”⁶⁴

⁶⁴ 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.

4.3 Feasible options considered for analysis

Fees 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 Act* and are assessed in comparison to the 'base case' in which no fees are prescribed (where it is assumed that all costs would be funded via general tax revenue), and in which:

- The costs of the infringements system 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 fines, and
- PRNs, lodgements, enforcement orders and warrants issued would cost Victorian taxpayers an estimated \$273.63 million per annum (see Table 21 in this RIS).

The four options considered for analysis in this RIS are:

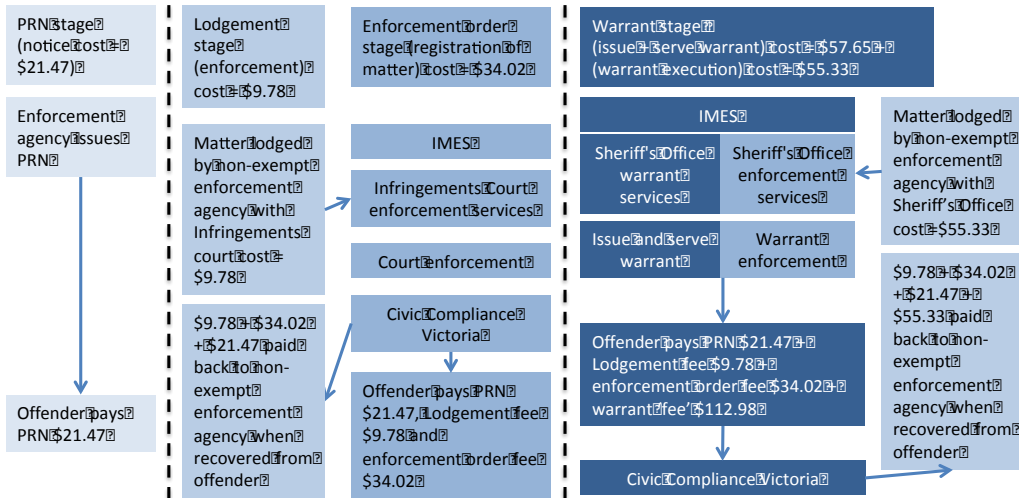
- Option 1 full 'static' cost recovery fees with cost of enforcement activities by the Sheriff's Office recovered at warrant stage
- Option 2 stratified fees.
- Option 3 partial cost recovery fees reflecting existing regulations,
- Option 4 (the proposed regulations) full 'static' cost recovery fees,

4.3.1 Fee Option 1

Option 1 seeks to eliminate the issue of cross-subsidisation of offenders at the warrant stage by a proportion of offenders at the lodgement enforcement order stage. Currently, the cost of enforcement activities by the Sheriff's Office are estimated to be \$55.33 *per matter*, including the cost of sanctions⁶⁵, seizure and removal of assets, sale of assets, third party claims, and arrest, which would be recovered at warrant stage. Option 1 would involve charging non-exempt agencies a lodgement fee (to be recovered from the offender) at the lodgement stage and a further warrant fee (to be recovered from the offender) at the warrant issue stage as illustrated in Chart 6. Payment flows under such an option are shown in Chart 6 for illustration purposes only.

⁶⁵ Includes: wheel clamping, detaining a vehicle and notice of intention to suspend licence and/or registration.

Chart 6: Payment flows under non-feasible Option 1



However, based on discussions with DJR there is currently no IT or administrative facility to charge non-exempt agencies for warrant enforcement at the warrant stage. This option is a realistic but non-feasible option (for an 18 month period) as it will have a high cost of implementation with substantial adjustment costs to both IMES, as well as non-exempt agencies (e.g. Councils, universities, hospitals) in needing to reconfigure data systems at their end. There are also timing issues, as developing IT requirements for such an option would compete or overlap with the program of work that is already underway to develop the IT systems required to support the implementation of the Fines Reform Act by the 31st of December 2017.

4.3.2 Fee Option 2

Option 2 involves charging individuals stratified fees with different fees for following different main pathways in the infringements system 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 12, 45.84% of infringements at stage 2 (PRN stage) involve nominations and 21.46% involve internal reviews. Under Option 2, individuals who receive a PRN and who do not request a nomination or internal reviews would not be charged for such activities (estimated to be \$5.37 and \$6.79 per matter, respectively, as shown in Table 13 in this RIS). That is, under stage 2 of the infringements system there would be stratified fees for those who do not request either a nomination or an internal review saving up to \$12.16 per matter. Under Option 2 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 2 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).

As shown in Chart 4 of this RIS, during stage 3 of the infringements system, an individual has the choice of either requesting a revocation order (including an order for special circumstances) or a payment order. Volumes accruing under both scenarios are estimated to be 37.81% and 34.06%, respectively (see Table 14 of this RIS). Under Option 2, individuals who fail to pay their PRN and go to the stage 3 (lodgement/enforcement stage) and who do not request a revocation or payment order would save approximately \$2.09 and \$3.51 per matter (see Table 15). There would be a saving of up to \$5.60 per matter (for those not involved in revocations or payment orders. Lodged matters involving withdrawals (26.24% of lodged matters) are not considered for separate fees under Option 2, as these costs are minimal at \$0.03, respectively (see Table 15). Also the cost of arrest of \$35.48 or cost of sanctions \$15.77 (the largest components of lodgement fee costs as shown in Table 16) would only be incurred by those arrested or those who incur sanctions, as opposed to anyone who allows their matter to reach lodgement 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 2 with respect to the lodgement fee. The possible lodgement fee types under Option 2 would be therefore be:

- Lodgement fee (without revocation, payment order, sanction and arrest), and
- Lodgement fee (with costs included as relevant for revocation, payment order, sanction and/ or arrest).

With regard to enforcement order fees, as shown in Table 17, 94.26% of registrations with the Infringements Court are associated with post lodgement costs of \$30.36 per matter for traffic and tolling offences (as shown in Table 18). Option 2 would involve discounting 5% of registrations by \$30.36 where enforcement orders do not involve post lodgement court activities. The possible enforcement order fee categories under Option 2 would include:

- Enforcement order fee (with post lodgement court activities by TCO), and
- Enforcement order fee (without post lodgement court activities by TCO).

Finally, with regard to warrant issue fees, Option 2 would not provide stratified fees. In this case it is noted that the \$20.51 for issuing a warrant and \$31.93 in the case of serving a 7-day notice and payment demand would apply to all matters.

Table 23 shows an indication of the scale of change for each category of fees that would occur if such an option were implemented.

Table 23: Comparison of current and Option 2 fees for infringements enforcement

Description of fee	Current prescribed fee per matter	Option 2: Activity based costing estimate less cost of relevant activity excluded per matter	% Increase(+)/ decrease(-) of Option 2 from Current prescribed fee per matter
Penalty Reminder Fee without nomination	\$23.80	\$16.10 ⁶⁶	-32.35%
Penalty Reminder Fee without request for internal review	\$23.80	\$14.68 ⁶⁷	-38.32%
Penalty Reminder Fee with all costs included as relevant for nomination and request for internal review	\$23.80	\$21.47	-9.79%
Lodgement fee without revocation	\$51.60	\$63.02 ⁶⁸	+22.13%
Lodgement fee without payment order	\$51.60	\$61.60 ⁶⁹	+19.38%
Lodgement fee without sanction	\$51.60	\$49.34 ⁷⁰	-4.38%
Lodgement fee without cost of arrest	\$51.60	\$29.63 ⁷¹	-42.58%
Lodgement fee with all costs included as relevant for revocation, payment order, sanction and arrest	\$51.60	\$65.11	+26.18%
Enforcement order fee without post lodgement activities by TCO	\$27.80	\$3.66 ⁷²	-86.83%
Enforcement order fee with post lodgement activities by TCO	\$27.80	\$34.02	+22.37%
Warrant Fee	\$58.30	\$57.65	-1.11%

However, Option 2 is not feasible in the short term due to factors such as administrative complexity, significant IT system constraints, and the fact that it is easier to bill offenders when they come into the system. While Option 2 promotes efficiency and equity, it is an ineffective fee structure as it would be impossible to implement the required system changes within the relevant time frame for the proposed regulations.

4.3.3 Fee Option 3

Option 3 is based on a trajectory of fees established during 2000-01 using a *top-down approach* to estimating fees, which reflected the distribution of operational costs,

⁶⁶ Calculated as \$21.47 less \$5.37.

⁶⁷ Calculated as \$21.47 less \$6.79.

⁶⁸ Calculated as \$65.11 less \$2.09.

⁶⁹ Calculated as \$65.11 less \$2.09.

⁷⁰ Calculated as \$65.11 less \$15.77.

⁷¹ Calculated as \$65.11 less \$35.48.

⁷² Calculated as \$34.02 less \$30.36.

divided by the number of matters processed at that time. It is understood that the lodgement fee was originally set at less than full cost recovery to encourage enforcement agencies to use the infringements system. As such Option 3 has been included for illustration purposes to show what would occur if the existing regulations were remade.

Option 3 involves cost recovery of penalty reminder notices, lodgements, enforcement orders and warrants issued. Under this option costs would be recovered by charging offenders fees based on current regulations 9 and 10. As shown in Table 24, Option 3 recovers approximately 92.78 per cent of the total cost of activities associated with PRNs, lodgements, enforcement orders, and issuing warrants (partial cost recovery) by:

- charging offenders 110.87 per cent of PRN processing cost
- charging offenders 79.25 per cent of lodgement processing cost
- charging offenders 81.71 per cent of enforcement order processing cost, and
- charging offenders 101.13 per cent of warrant issue processing cost.

Table 24: Summary of partial cost recovery fees under Option 3 and annual revenue

Type of output	Total estimated cost of activities 2014-15	Outputs (3-year average)	Current fees	Estimated revenue based on extrapolated fees 2014-15	% of costs recovered
PRN	\$39,852,434	1,856,551	\$23.80	\$44,185,914	110.87%
Lodgement	\$69,576,877	1,068,621	\$51.60	\$55,140,861	79.25%
Enforcement order	\$59,266,636	1,741,955	\$27.80	\$48,426,340	81.71%
Warrant issue	\$104,937,992	1,820,339	\$58.30	\$106,125,783	101.13%
Total	\$273,633,939			\$253,878,897	92.78%

Therefore, under Option 3, there would be over-recovery of PRNs and warrant issue costs based on estimates of the current costs of running the infringements system using 2014-15 data. This would involve some cross-subsidisation by offenders who pay at the lodgement and enforcement order stages of the infringements system. Moreover, there would be under-recovery of lodgements and enforcement orders, which would as a result be partially cross-subsidised by Victorian taxpayers, as shown in Table 24.

Furthermore, under Option 3, if an individual with an unpaid matter reaches stage 3 and receives a notice of enforcement order (see Chart 4 in this RIS), that offender could choose to pay their debt immediately (rather than letting the matter lapse to warrant issue stage). This means the fee they are being charged partly covers the costs of enforcing the debts of those individuals who do not pay during this stage and who proceed to stage 4 – the warrant stage. This would entail cross-subsidisation of the latter group by the approximately eight percent of offenders who pay at enforcement order stage, regardless of whether the offender:

- offers to pay penalties and costs within 28 days
- requests a revocation and the agency withdraws the matter within 21 days

- is refused a revocation and makes application of objection to refusal of revocation and the matter is referred to the Magistrates' Court
- requests a payment order, and
- is declined a payment order and pays penalties and costs within 14 days.

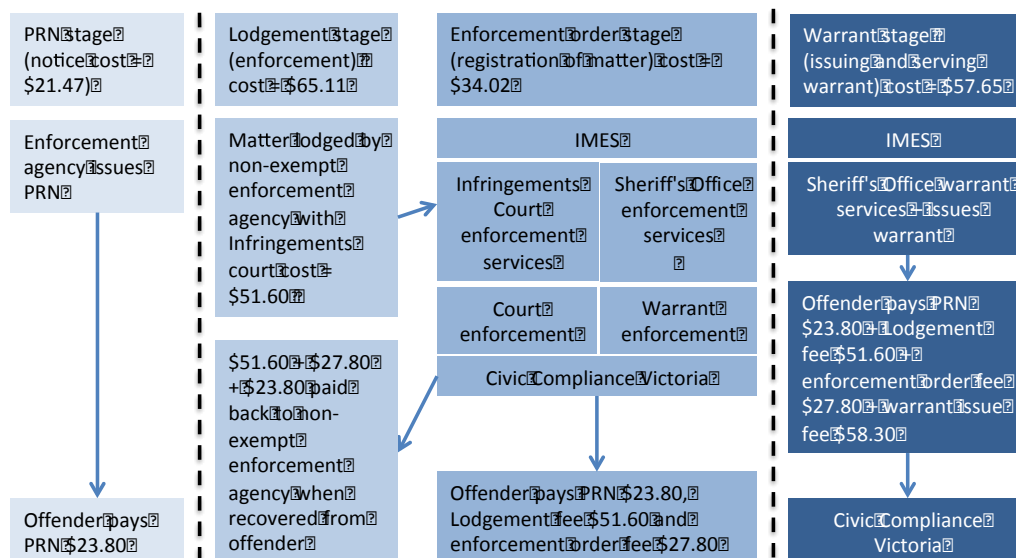
Given that the financial cost of fee related activities for IMES for 2013-14 was \$286.4 million (see Table 8), there would be an estimated \$31.38 million shortfall or deficit to be funded by the general taxpaying public, as shown in Table 25. The annual operating deficit under Option 3 would be greater than the \$24.5 million deficit as discussed under the problem statement in section 2.5 of this RIS.

Table 25: Projected annual shortfall – extrapolated fees – Option 3

Revenue category	Average Volume	Revenue Extrapolated fees 2014-15
PRN fee	1,856,551	\$44,185,914
Lodgement fee	1,068,621	\$55,140,844
Enforcement order fee	1,741,955	\$48,426,349
Warrant fee	1,820,339	\$106,125,764
Civil Warrant, Photo Fees	-	\$1,141,127
Total annual revenue		\$255,020,024
Actual costs (fees related activity) 2013-14		\$286,398,053
Shortfall = revenue less actual costs		\$31,378,029

Option 3 would not involve any transition costs. That is to say there would be no requirements for the infringements system to undertake any capital or IT investments to operationalise the remake of the current fee regulations. Payment flows under Option 3 are shown in Chart 7.

Chart 7: Payment flows under Option 3



4.3.4 Fee Option 4

Option 4 (the proposed regulations) involves the recovery of all costs 'in a static sense' (i.e. in a given financial year) associated with penalty reminder notices, lodgements,

enforcement orders and warrants issued, as shown in Table 26. Under this option estimated 2014-15 costs would be recovered by:

- charging offenders 100 per cent of PRN processing cost
- charging offenders 100 per cent of lodgements processing cost
- charging offenders 100 per cent of enforcement order processing cost, and
- charging offenders 100 per cent of warrants issue costs.

Table 26: Summary of full cost recovery proposed fees under Option 4 and annual revenue

Type of output	Total estimated cost of activities 2014-15	Outputs (3-year average)	2014-15 fees	Estimated revenue based on proposed fees	% of costs recovered
PRN	\$39,852,434	1,856,551	\$21.47	\$39,852,434	100.00%
Lodgement	\$69,576,877	1,068,621	\$65.11	\$69,576,877	100.00%
Enforcement order	\$59,266,636	1,741,955	\$34.02	\$59,266,636	100.00%
Warrant issue	\$104,937,992	1,820,339	\$57.65	\$104,937,992	100.00%
Total	\$273,633,939			\$273,633,939	100.00%

Under Option 4 there would be a proportion of approximately eight percent of offenders who reach stage 3 (lodgement stage) and pay their debt immediately. This means the 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 4 – the warrant stage). 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 2013-14 was \$286.4 million (see Table 8 in this RIS) there would be an estimated \$11.62 million shortfall or deficit to be funded by the general taxpaying public, as shown in Table 27. By setting the 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 infringement 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 4 would be less than \$24.5 million deficit as discussed under the problem statement in section 2.5 of this RIS. This would mean less cross-subsidisation of fee-related activities by the general tax paying community.

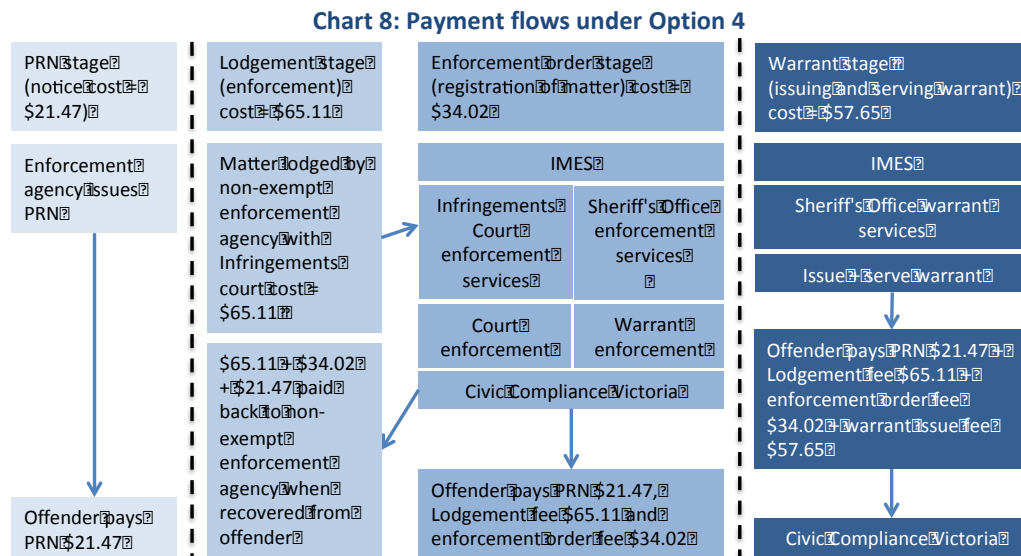
Table 27: Projected annual shortfall – proposed fees Option 4

Revenue category	Average Volume	Proposed fees
PRN fee	1,856,551	\$39,852,434
Lodgement fee	1,068,621	\$69,576,877
Enforcement order fee	1,741,955	\$59,266,636
Warrant fee	1,820,339	\$104,937,992
Civil Warrant, Photo Fees	-	\$1,141,127
Total annual revenue		\$274,775,066
Actual costs (fees related activity) 2013-14		\$286,398,053
Shortfall = revenue less actual costs		\$11,622,987

Option 4 would not require any ICT investment to operationalise the proposed regulations with these adjusted fees. This is because on 1 July each year IMES and

various enforcement agencies have to implement new fee amounts to reflect the adjusted value of a fee unit following the Treasurer’s determination of that amount under the *Monetary Units Act 2004*.

Payment flows under Option 4 are shown in Chart 8.



Section 5: Assessment of costs and benefits

5.1 Introduction

The costs and benefits of the proposed fees 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 fees 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 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 3 and 4 is provided in this section. The evaluation of the relative benefits and costs of 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 28 have been used to assess the ability of options to meet the policy objective and are applied to the MCA.

Table 28: Criteria used by MCA for Options 3 and 4

Criterion	Description	Weighting
Efficiency	Price of the infringement management and 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.	33.3%
Equity	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.	33.3%
Effectiveness	Fees are not costly to implement. Options that result in higher adjustment costs receive a lower score.	33.3%

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 regulations (when they sunset on 27 June 2016). Each option is scored relative to the base case score of '0'. Under the base case, the Act would continue to establish the framework for the infringements system such as, for example, the Infringements Court, enforcement agencies and processes around notices, reviews, revocations, payment orders and plans, community work permits –

as discussed in Table 3 in this RIS. Moreover, under the base case infringement fines could still be issued for the 1800 offences prescribed under more than 60 individual Acts.

5.2.1 Efficiency criterion – analysis of fee options

The efficiency criterion only reflects the cost of production. 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. Public benefits are relevant to infringement fines rather than the infringements system whose sole purpose is to enforce fines.

The base case does not provide any price signals to offenders regarding failing to pay their fines and is therefore awarded a score of +0.

Option 3, which represents remaking the current fees and partial cost recovery, over-recovers the cost of penalty reminder notices (110.87% of costs) and warrant issue (101.13%) and under-recovers the cost of lodgement (79.25%) and enforcement orders (81.71%). In net terms, Option 3 recovers only \$253.88 million of the total estimated cost of \$273.63 million (i.e. the recovery of only 92.78% of cost), as shown in Table 25. For this reason Option 3 is awarded a score of **+9** for efficiency.

Option 4 (the proposed fee regulations), represents full cost recovery (recovery of 100% of cost) and is therefore awarded a score of **+10**. That is to say, the full cost recovery price is deemed to represent an efficient price, as there are no identifiable public benefits associated with enforcement of infringement fines. Hence full cost recovery prices under Option 4 state the true value of the infringements system activities to society and a favourable option in relation to efficiency as compared to the base case.

5.2.2 Equity criteria – analysis of fee options

The discussion of equity in this RIS deals with the consideration of cross-subsidisation. Under the base case the general taxpaying community of around 4 million Victorians would pay for the infringements system to an amount of around \$273.63 million per annum, or in other words around \$68.40 per person. The base case is awarded a score of +0.

Option 3, which raises around \$19.76 million from taxpayers and \$253.88 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. As the amount recovered through fees is roughly 92% of the cost of the activities, Option 3 is awarded a score of +9 for equity in terms of general appropriation. However, Option 3 is worse than the base case in relation to requiring a smaller proportion of offenders at the lodgement stage to subsidise Sheriff's Office enforcement costs (estimated to be around \$55.33 per matter) where matters do not progress to the warrant stage (approximately eight percent of lodged infringement matters do not proceed to warrant stage). Option 3 is therefore deemed to be inequitable as compared to the base case in this respect. Moreover, Option 3 is worse than the base case in relation to requiring a smaller group of offenders at the PRN stage and warrant stage cross-subsidising other activities given the over-recovery of these costs under this option (see Table 25). For these reasons the equity score for

Option 3 is 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 3 is consequently awarded a score of **+7**.

In terms of general appropriation, Option 4, which involves recovering full costs of providing services and is favourable in terms of equity as it eliminates cross-subsidisation of offenders by taxpayers. With respect to the proportionality of the cost of the infringement of around \$273.63 million per annum, Option 4 is awarded a score of +10. However, Option 4 is worse than the base case in relation to requiring a smaller and yet proportion of approximately eight percent of offenders at the lodgement stage (but more than under Option 3), to subsidise Sheriff’s Office enforcement costs where matters do not progress to the warrant stage. Option 4 is therefore deemed to be inequitable as compared to the base case in this respect. The equity score for Option 4 is adjusted by -2 (a negative score involving the greater extent of cross-subsidisation than the base case and greater than compared to Option 3). 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 4 is consequently awarded a score of **+8**.

5.2.3 Effectiveness criteria – analysis of fee options

With regard to each of the options and adjustment costs of implementation, Option 3 is given a score of **+0** as compared to the base case. That is because Option 3 would involve remaking the regulations and therefore, as with the base case, there would be no adjustment costs.

Option 4 is equally given a score of **+0** compared to the base case as there would be a negligible estimated maximum cost of adjustment for the Infringements Court and enforcement agencies to adopt the new fees without simply incrementing fees units based on Treasury guidelines. This is because fee amounts are already updated each year in the infringements system in dollar amounts (to give effect to fee unit determinations under the Monetary Units Act) and minimal complexity would result from changing the relevant number of fee units in the regulations.

A summary of the analysis of options according to the aforementioned criteria is provided in Table 29.

Table 29: Summary and comparison of options against criteria of efficiency, equity and effectiveness

Base Case/ Fee Option	Enforcement Costs covered by	Efficiency (Offenders)	Equity (Cross subsidisation)	Effectiveness (Adjustment costs)
Base Case	General revenue	Underpriced – over-utilised services	Cross-subsidised by taxpayers to an amount of \$273.63 million per annum	No
Option 3	Fees and general revenue	Priced – understates true value	Cross-subsidised by taxpayers to an amount of \$19.76 million per annum	No

Base Case/ Fee Option	Enforcement Costs covered by	Efficiency (Offenders)	Equity (Cross subsidisation)	Effectiveness (Adjustment costs)
			Proportion of offenders at warrant stage cross-subsidised by offenders at lodgement stage.	
			Proportion of offenders at lodgement and enforcement stage cross-subsidised by offenders at PRN and warrant stage.	
Option 4	Fees	Priced – captures true value	Proportion of offenders at warrant stage cross subsidised by offenders at lodgement stage (greater than under Option 3)	No

The overall scores and comparison of options against the base case using the MCA is summarised in Table 30.

Table 30: 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	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Option 3	+9.0	+3.0	+7.0	+2.3	+0.0	+0.0	+5.3
Option 4	+10.0	+3.3	+8.0	+2.7	+0.0	+0.0	+6.0

As shown in Table 30, Option 4 (the proposed fees option) provides the highest total weighted score of **+6.0**. Option 3 provides a weighted score of **+5.3**. On this basis, **Option 4, the proposed fee regulations, is selected as the preferred option.**

5.2.4 Sensitivity analysis

A sensitivity analysis 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 31.

Table 31: Summary of sensitivity scores for Options 3 to 4

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%
3	+3.2	+4.0	+4.8	+6.4
4	+3.6	+4.5	+5.4	+7.2

As shown in Table 31, changing the weights for efficiency and equity does not affect the ranking of Options in terms of the weighted score, with Option 4 coming out as preferred.

5.2.5 Comparison of fees with other jurisdictions

Appendix 5 to the RIS compares the proposed fees regulations with equivalent regulations in other Australian states and territories.

5.2.6 Comparison of fees with other jurisdictions

Appendix 5 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 infringement fines, and most states recover costs through the charging of fees, although in some cases these costs are not recovered.

Table 32 shows that Victoria's proposed fees for PRNs are lower than SA but slightly higher than WA. Victoria's proposed lodgement fees are slightly higher than those in other states, but the enforcement order and warrant fees are mostly lower than those in other states.

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

Table 32 – Interstate comparison of infringement enforcement fees

Fee	VIC	NSW	QLD	SA	TAS	WA
PRN	\$21.47	\$0	\$0	\$52	\$0	\$16.40
Lodgement	\$65.11	\$0	\$63	\$52	\$0	\$52
Enforcement order	\$34.02	\$65 or \$40	\$105.45	\$18.40	\$77	\$34.60
Warrant issue	\$57.65	\$0	\$0	\$268	\$154	\$163

Section 6: Competition assessment

According to Victorian guidelines it is necessary as part of the assessment in this RIS to:

- Identify the market/s affected by the proposed regulations, and
- Identify whether the proposed regulations contain a restriction on competition.

The markets affected by the proposed regulations include those affected by infringement offences which apply under regulatory schemes for public transport, domestic animals, environment and pollution, local law, consumer safety & industry regulation, and marine related activities as well as a raft of other activities covered by more than 60 Acts.

Businesses that commit infringement 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, lodgement fee, enforcement order fee and warrant issue fee under the proposed regulation would only be \$178.25 in comparison to the amount of \$161.50 (2014-15) – an increase of \$16.75 per matter. Even if a business committed 100 offences per annum this would entail a cost of \$1,675 per annum.

Importantly, the imposition of any cost is based on the decision of the business to commit an offence or not, in the first instance, and not the regulations.

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 7: Impact on small business

Where the costs of compliance with regulations comprise a significant proportion of business costs, small businesses⁷³ may be affected disproportionately by such costs compared to large businesses.

No information is available on the proportion of unpaid fine offenders that are small businesses. However, the combined fees relating to the enforcement of infringement fines under the proposed fee regulations is \$178.25. 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. Nor are the proposed non-fee regulations. Small businesses are therefore unlikely to be disproportionately impacted by the proposed regulations compared to larger businesses.

Section 8: Identification of the preferred option and description of its effect

8.1 Identification of the preferred option and its effects

The preferred non-fee regulations option involves replacing the current regulations in their current form with no modifications.

In summary, the proposed regulations prescribe:

- (a) lodgeable infringement offences for the purposes of the Act,
- (b) fees, costs and charges payable under that Act,
- (c) details that must be included in a range of documents relating to the enforcement of infringement penalties under that Act,
- (d) procedural matters relating to oral examination, attachment of earnings orders and attachment of debts orders under that Act,
- (e) procedural and administrative matters relating to community work permits issued under that Act, and
- (f) other matters required to be prescribed under that Act.

The preferred option, Option 4, involves replacing the sunseting fees with the proposed fees, as shown in Table 33. There are no significant impacts on small business or competition under the preferred fee-option, as outlined in sections 6 and

⁷³ The Australian Bureau of Statistics (ABS) definition of a small business is one that has less than 20 full-time employees.

7 of this RIS. The impact on current revenue of \$253.88 million per annum is expected to be positive with greater revenue to be generated (more costs to be recovered), as shown Table 33.

Table 33: comparison of current fees and proposed fees

Activity	Current fees	Current revenue	Option 4 fees	Option 4 revenue
PRNs	\$23.80	\$44,185,914	\$21.47	\$39,852,434
Lodgements	\$51.60	\$55,140,861	\$65.11	\$69,576,877
Enforcement orders	\$27.80	\$48,426,340	\$34.02	\$59,266,636
Warrant issue	\$58.30	\$106,125,783	\$57.65	\$104,937,992
Total revenue		\$253,878,897		\$273,633,939

The percentage change in fees from current to proposed levels is illustrated in Table 34.

Table 34: Comparison of current and proposed fees for infringements enforcement

Description of fee	Current prescribed fee per infringement matter	Proposed fee per infringement matter	% Increase(+)/decrease(-)
Penalty Reminder Fee	\$23.80	\$21.47	-9.81%
Lodgement Fee	\$51.60	\$65.11	+26.18%
Enforcement Order Fee	\$27.80	\$34.02	+22.39%
Warrant Fee	\$58.30	\$57.65	-1.12%

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 Penalty Reminder Notices, Lodgements, Enforcement Orders and Warrant Issue. For a detailed discussion of this methodology see Appendix 1.

Section 9: Implementation plan for the preferred option

Given that sunseting regulations are being remade, and the proposed regulations are substantively the same as the current requirements, an implementation plan is not required. However, it is important to note that the proposed fees regulations will be enforced simply by requiring payment of fees before abandonment of further enforcement action. For this reason, the proposed fees regulations are essentially self-enforcing.

It is noted that on the first day of each financial year the value of the four fees in the infringements system are updated to reflect the value of a fee unit determined by the Treasurer in accordance with the Monetary Units Act. The proposed regulation, however, will commence on 27 June 2016 due to the sunseting of the existing regulations. To avoid the administrative complexity of adjusting the fee settings across

the whole infringements system twice in one week, the adjusted fee amounts in the proposed regulation will only commence on 1 July 2016.

As for the proposed non-fee regulations, most of them enable the infringements system to operate properly, and few of them impose any compliance obligations on offenders.

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, Lodgements, Enforcement Orders and Warrants issued
- Collection of data on the proportion of offenders at lodgement stage who allow their matters to warrant stage
- Collection of data on the number of activities processed, and
- Collection of data on fee revenue recovered.

Given the pending introduction of the Fines Reform Act, a significant focus of the evaluation will be on gathering information that might assist with the introduction of those reforms. In particular, as the key change proposed in this regulation is to introduce slight adjustments to the fees charged at the four stages of the infringements process, some analysis of the effects observed as a result of these price changes may be appropriate (i.e. any observable effects both in term of increases and decreases to the fees on the payment behaviour of infringement debtors at different stages of the infringements lifecycle). It is noted, however, that such insights could be affected by any non-fee measures introduced by DJR in the short term to improve the recovery of unpaid debt.

Section 11: Conclusion

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

1. If the existing regulations were allowed to sunset on 27 June 2016 without being replaced, infringement fines could still be issued under the base case for the 1800 offences listed under more than 60 individual Acts, but there would be no operational infringements system to enforce the payment of the 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 an infringement fine, but the courts would not be able to cope with the resulting enormous volume of cases.
2. In order of severity of impact, these problems may be summarised as follows:

Non-fee problems

1. The vast majority of lodgeable infringement offences being no longer prescribed, resulting in the infringements system becoming inoperable, resulting in a breakdown in law and order and an increased burden on the open court, whereby the benefits of the infringements system fail to be captured.
2. A lack of certain prescribed definitions, criteria and other details, which would severely restrict the operation of the infringements system.

Fee problem

3. A lack of prescribed fees resulting in inequitable cross-subsidisation of non-fine paying offenders by non-offenders (taxpayers).
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 notice, and*
 - *To recover from fees an equitable portion of the costs of efficiently providing enforcement and legal debt collection services under the 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 in the 18-month period pending implementation of the Fines Reform Act.
 5. Fees 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 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 two fees options considered for analysis in this RIS are:
 - **Option 3** partial cost recovery fees reflect existing regulations, and
 - **Option 4** (the proposed regulations) full 'static' cost recovery fees.
 6. Qualitative criteria for fees options are applied to a Multi-Criteria Analysis (MCA). As shown in Table 29, Option 4 (the proposed fees option) provides the highest and weighted score of +6.0. Option 3 provides a weighted score of +5.3. On this basis, ***Option 4, the proposed fee regulations, is selected as the preferred option.***
 7. Appendix 5 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 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.

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.

Glossary of terms

Act:	The <i>Infringements Act 2006</i> .
Attachment of earnings order:	An order requiring the debtor's employer to deduct installments from the debtor's wages and forward those monies to the creditor.
Attachment of debts order:	If a debtor is owed money by a third party, the creditor may apply to the Court for an order to compel the third party to pay those monies directly to the creditor.
ABS:	Australian Bureau of Statistics
Base case:	The situation that would exist if there were no replacement regulations or other alternatives in place after the existing regulations expire.
Community work permit:	A permit that authorises an offender to perform unpaid community work in lieu of paying infringement fines.
Competition:	The process of rivalry between independent firms or individuals in business. Competition occurs within a market.
Enforcement agency:	An agency authorised to issue infringement fines, including Victoria Police, municipal councils, hospitals and universities.
Enforcement order:	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.
Externality:	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.
Fee:	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.
IMES	Infringements Management and Enforcement Services
Infringements Court:	A venue of the Magistrates Court of Victoria whose primary purpose is to make court orders to enforce the payment of fines.
Infringement warrant:	If an offender ignores a fine and continues to leave the matter unresolved, the Infringements Court may issue an infringement warrant against the offender, giving the Sheriff power to enforce the warrant.
Lodgement	Management of the enforcement of a lodged infringement matter with the Infringements Court.
Lodgeable infringement offence:	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.
Market:	An area of close competition between firms, or the field of rivalry in which firms operate.

Market failure:	The situation which occurs when freely functioning markets, operating without government intervention, fail to deliver an efficient or optimal allocation of resources.
Merit goods	Under-provided goods/services in a market economy which are determined by government to be good for society whether or not consumers desire them.
Monopoly:	Means a market structure where one firm supplies the entire market.
Payment order:	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.
Payment plan:	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.
Prescribed:	Specified by regulations made under an Act.
Penalty reminder notice (PRN):	A statutory reminder notice sent to an infringement offender who fails to pay their infringement fine by the due date.
Public good:	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.
Restriction of competition:	Something that prevents firms in a market or potential entrants to a market from undertaking the process of economic rivalry.
RIS:	Regulatory impact statement.

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Appendices

1. *Activity based costing and determination of unit costs*
2. *Determination of fees and revenue under Options 3 and 4*
3. *The infringements procedure*
4. *Costing of proposed non-fee regulations*
5. *Comparative fees of other jurisdictions*
6. *Consequences under the Base Case*

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 infringement management enforcement services to occur have been considered. The ‘efficient’ cost base includes:

- Minimum Direct costs: labour costs, material costs, direct operating expenses
- 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. 1,718hrs) to establish the hourly salary cost (excluding on-costs). A multiplier was used with the hourly salary cost to determine the “hourly charge out rate” of staff time per staff classification. The multiplier was determined from the ratio of total annual salary related on-costs plus total ‘other’ non-salary overhead costs to total annual salary costs using the data in Table A1.1 where:

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

Total salary, salary-related on-costs and non-salary overhead costs for IMES is summarised in Table A1.1 and were approximately **\$47.79 million in 2013-14**.

Table A1.1: Total salary, salary-related on-costs and non-salary related overheads for IMES in 2013-14

Cost category	2013-14
Salaries	\$23,154,029
Salaries - Reimbursements (Credit)	-\$222,592
Casual Employment	\$23,794
Total salary costs	\$22,955,231
Annual Leave	\$2,266,472
Annual Leave (Provision)	-\$55,777
Penalty Rates	\$581,515
Overtime	\$416,136
Payroll Tax	\$1,419,315
FBT Expense	\$5,045
LSL Expense to Provision Non Revaluation Movement	\$757,793
WorkCover Levy	\$624,984
WorkCover Medical/Other Payments	\$11,038
Voluntary Departure Payment	-\$15,318
Super Contribution - Revised Scheme	\$514,401
Super Contribution - Vic Super	\$1,611,792
Super Contribution - Private Funds	\$231,533

Cost category	2013-14
Total salary related on-costs	\$8,368,929
Depreciation Plant and Equipment	\$8,450,600
Depreciation Computer and Communications equipment	\$37,700
Depreciation Motor Vehicles	\$155,700
Amortisation Building Leasehold improvement	\$6,500
Amortisation Motor Vehicles -VicFleet	\$1,300,800
Amortisation Software	\$961,200
Car parking - Long Term Lease	\$154,800
Cleaning Service Contract	\$83,300
Outgoings not included in Commercial Rent (Rates, Water, Electricity, Gas etc.)	\$188,000
Rental Commercial	\$2,452,000
Rental Government	\$16,500
Corporate contribution (Central administration costs)	\$2,660,400
Total corporate overhead costs	\$16,467,500

The multiplier of 2.08 is estimated in the following way:

$$1 + \frac{(Total\ salary\ related\ on - costs) + (Total\ non - salary\ related\ overhead\ costs)}{(Total\ salary\ costs)}$$

$$= 1 + \frac{\$8,368,929 + \$16,467,500}{\$22,955,231} = 2.08$$

The hourly charge out rate, encapsulating both on-costs and overhead costs, was multiplied by the relevant staff classification per activity and the hours spent on an activity to obtain the total cost for a particular output. The hourly charge out rates used for IMES activities is summarised in Table A1.2.

Table A1.2: Hourly charge out rates per staff classification for IMES

Salary Category	Mid-range of annual salary 2014/2015 (a)	Hourly Salary (b) = (a)/hours worked per annum	Charge Out Rate (c) = (b) x multiplier of 2.08
VPS2	\$53,167	\$30.95	\$64.43
VPS3	\$67,685	\$39.40	\$82.02
VPS4	\$80,007	\$46.57	\$96.96
VPS5	\$95,572	\$55.63	\$115.82
VPS6	\$124,031	\$72.19	\$150.31
VPS7	\$170,037	\$98.97	\$206.06
Operations Officer ⁷⁴	\$80,007	\$46.57	\$96.96
Senior Sheriff's Officer	\$92,896	\$54.07	\$112.58
Executive Officers	\$206,913	\$120.44	\$250.75

Tables A1.3 and A1.4 show the representative hourly charge out rates relevant to a-type enforcement agency costs in the infringements system allocated to outputs (represented by Melbourne City Council⁷⁵) and b-type enforcement agency costs (represented by the Traffic Camera Office of Victoria Police) with the same multiplier⁷⁶ used as for IMES.

⁷⁴ Equivalent to VPS4.

⁷⁵ Melbourne council used as a representative of efficient enforcement agency operations on the basis of scale economies.

⁷⁶ Melbourne Council advised that proportion of salary costs, salary-related on costs, and non-salary related overhead costs would be similar to IMES and it was acceptable to use a similar multiplier for their staff. TCO as part of the IMES uses the same multiplier.

Table A1.3: Hourly charge out rates per staff classification for type-a enforcement agency (Melbourne Council)

Staff Classification	Mid-range of annual salary 2014/2015 (a)	Hourly Salary (b) = (a)/hours worked per annum	Charge Out Rate (c) = (b) x multiplier of 2.08
Class 1	\$46,787	\$27.23	\$56.70
Class 2	\$54,241	\$31.57	\$65.73
Class 3	\$62,879	\$36.60	\$76.20
Class 4	\$75,081	\$43.70	\$90.99
Class 5	\$87,039	\$50.66	\$105.48
Class 6	\$103,840	\$60.44	\$125.84
Class 7	\$123,886	\$72.11	\$150.13

Table A1.4: Hourly charge out rates per staff classification for type-b enforcement agency (Traffic Camera Office of Victoria Police)

Staff Classification	Mid-range of annual salary 2013/2014 (a)	Hourly Salary (b) = (a)/hours worked per annum	Charge Out Rate (c) = (b) x multiplier of 2.08
VPS2	\$53,167	\$30.95	\$64.43
VPS3	\$54,241	\$31.57	\$65.73
Leading Senior Constable	\$80,836	\$47.05	\$97.96

An external provider charges a flat⁷⁷ fee of \$15 per infringement matter for administrative services provided across all outputs including PRNs, Lodgement, Enforcement Order and Warrants issued. 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 outputs represented by each category to total output across all categories. Table A1.5 summarises the number of outputs across PRNs, Lodgements, Enforcement Orders and Warrants and the apportionment of external provider costs across these outputs for the purpose of establishing regulatory fees.

Table A1.5: Average 3-year volume of outputs across PRNs, Lodgements, Enforcement Orders and Warrants and pro rata apportionment of external provider charge of \$15⁷⁸

Category of output	2011/12 volume (d)	2012/13 volume (e)	2013/14 volume (f)	Average volume of annual output (g) = [(d)+(e)+(f)]/3	Percentage of total average annual outputs (h) = (g)/6,484,466	Pro Rata of \$15 flat fee (i) = (h) x \$15
PRNs ⁷⁹	1,570,916	2,163,608	1,835,129	1,856,551	28.62%	\$4.29
Lodgements	901,998	1,216,540	1,087,326	1,068,621	16.47%	\$2.47
Enforcement Orders	1,565,585	1,848,784	1,811,495	1,741,955	26.85%	\$4.03
Warrants issued	1,715,391	1,712,391	2,033,236	1,820,339	28.06%	\$4.21
Total	5,753,890	6,941,323	6,767,186	6,487,466	100.00%	\$15.00

⁷⁷ The breakup of flat \$15 charge against outputs cannot be provided due to commercial-in-confidence requirements.

⁷⁸ Data provided by IMES including annual reports.

⁷⁹ PRN volumes are obtained from the VIMS data warehouse via IMES.

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, Lodgements, Enforcement Orders, and Warrant issue.

A1.2 Activity Based Costing of PRN output activities

Section A1.1 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 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 (type-a enforcement agency) taken to be representative sample of an *efficient cost base* due to scale economies and the Traffic Camera Office of Victoria Police (type-b enforcement agency). These costs are outlined in Tables A1.6 to A1.16:

Table A1.6: Total cost of nomination output per infringement matter (type-a enforcement agency)

Activity	Hrly charge out rate ⁸⁰ (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 sold's'.	\$76.20	1	0.017	\$1.27
Processes correct nomination forms on smart client. (1.5 minutes 90% of the time)	\$76.20	1.35	0.023	\$1.71
Processes incorrect nomination forms (photocopy and process in alternative system and indicate on system what is incorrect). (1 minute 3.33 ⁸¹ % of the time)	\$76.20	0.03	0.001	\$0.04
Prepare the letter going out for withdrawal of original infringement in lieu of correct nomination including printing and envelope. (1.5 minutes 90% of the time)	\$76.20	1.35	0.023	\$1.71
Prepare the letter going out for clarification regarding incorrect nominations including checking and printing and envelope. (1.5 minutes 3.33% of the time)	\$76.20	0.05	0.001	\$0.06
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)	\$76.20	0.067	0.001	\$0.08
Process 'car sold's' 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	\$76.20	0.050	0.001	\$0.06

⁸⁰ Based on class 3 staff classification. All activities assume 1 staff member involved unless stated.

⁸¹ Represents an equal distribution of incorrect nominations, mail returns and car solds (3.33% each) adding to 10%.

Activity	Hrly charge out rate⁸⁰ (a)	Weighted Mins required (b)	Weighted Hrs required (c) = (b)/60	Cost per nomination (d) =(a) x (c)
document as a UIC which is a withdrawal when an owner cannot be identified. (1.5 minutes 3.33% of the time)				
Customer complaints via phone.	\$76.20	5	0.083	\$6.35
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).	\$76.20	0.1	0.002	\$0.11
Total		8.99	0.11	\$11.42

Additional data provided (type a enforcement agency)

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 (type-b enforcement agency)⁸²

Activity	Hrly charge out rate⁸³ (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 Tenix (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)	\$97.96	1	0.017	\$1.63
Look up the infringement notice number in VIMS (0.5 minutes)	\$97.96	0.50	0.008	\$0.82
Look up stolen vehicle on LEAP (2 minutes 25% of the time)	\$97.96	0.62	0.010	\$1.02
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)	\$97.96	0.25	0.004	\$0.41
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)	\$97.96	0.06	0.001	\$0.10
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)	\$97.96	0.24	0.004	\$0.39
Send person a more complicated custom letter (3 minutes 1% of the time)	\$97.96	0.04	0.001	\$0.06
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)	\$97.96	0.41	0.007	\$0.67
Accept them on IRCMS typing the number into the system and stamping and putting them in a tray (1 minute 10% of the time)	\$97.96	0.10	0.002	\$0.17
For nomination rejection statement read the correspondence, statutory declaration, photos (2 minutes) look at VIMS 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 VIMS, 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)	\$97.96	3.02	0.050	\$4.93
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)	\$97.96	0.071	0.001	\$0.12
For unknown user statement look up in VIMS for history for unknown user statement (0.5 minutes) and look at image on EROS (1 minute) (50% of the time) then accept deny statement including writing letter which would take (2	\$97.96	0.717	0.012	\$1.17

⁸² Simple nominations are undertaken by external contractor.

⁸³ Based on Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate ⁸³ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) =(a) x (c)
minutes) Total average of 3 minutes 24% of the time				
Taxi - bus or special vehicle statements processing involves receiving correspondence and look up in VIMS 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)	\$97.96	0.059	0.001	\$0.10
Power of attorney statements are accepted in IRCMS and stamped (1 minute 0.3% of the time)	\$97.96	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)	\$97.96	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 VIMS 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	\$97.96	0.036	0.001	\$0.06
Counter (speak face to face clarification sought) (10 minutes 0.5% of the time)	\$97.96	0.048	0.001	\$0.08
Customer complaints via phone (5 minutes 0.5% of the time)	\$97.96	0	0.000	\$0.04
Total		7.21	0.12	\$11.76

Table A1.8: Total cost of internal review output per infringement matter (type-a enforcement agency)

Activity	Hrly charge out rate⁸⁴ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) = (a) x (c)
Generate a service request including sorting incoming applications.	\$76.20	15	0.250	\$19.05
Receive service request and open and assess request including checking supporting documents by infringement review officer. (3.5 minutes 88% of the time)	\$76.20	3.08	0.051	\$3.91
Verify the reason for the issue of the infringement and whether it has been issued correctly. (2.5 minutes 88% of the time)	\$76.20	2.20	0.037	\$2.79
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)	\$90.99	0.42	0.007	\$0.64
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)	\$90.99	0.30	0.005	\$0.45
Insert text on system around the review findings.	\$76.20	1.00	0.017	\$1.27
Generate a response and print.	\$76.20	4.00	0.067	\$5.08
Action the infringement itself (10 seconds).	\$76.20	0.17	0.003	\$0.21
Dealing with customer responses from review via phone including writing notes per matter	\$76.20	7.0	0.117	\$8.89
Total		33.17	0.553	\$42.30

⁸⁴ 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 (type-b enforcement agency)

Activity	Hrly charge out rate⁸⁵ (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)	\$64.43	3.75	0.063	\$4.03
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)	\$65.73	1.25	0.021	\$1.37
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)	\$65.73	0.50	0.008	\$0.55
Read the plea and make an informed decision following policy and procedure (complex plea) (20 infringements = 5 minutes per infringement 60% of the time)	\$64.43	3.00	0.050	\$3.22
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)	\$64.43	4.50	0.075	\$4.83
Generate a response and print (complex plea) (1 minute 75% of the time)	\$64.43	0.75	0.013	\$0.81
Generate a response and print (simple plea) (1 minute 25% of the time)	\$65.73	0.25	0.004	\$0.27
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)	\$65.73	1.3	0.021	\$1.37
Total		19.00	0.317	\$20.29

Additional data provided (type-b enforcement agency)

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

⁸⁵ 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 (type-b enforcement agency)

Activity	Hrly charge out rate ⁸⁶ (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)	\$97.96	0.75	0.013	\$1.22
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 VIMS 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	\$97.96	5.57	0.093	\$9.10
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 VIMS 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	\$97.96	5.50	0.092	\$8.98
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)	\$97.96	0.47	0.008	\$0.77
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 past 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)	\$97.96	0.16	0.003	\$0.27
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 members 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	\$97.96	0.23	0.004	\$0.38

⁸⁶ Based on Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate ⁸⁶ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per matter reviewed (d) =(a) x (c)
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)				
Penalty reminder notice fee waiver - review of applications for the fee to be reviewed. Go into VIMS and check if they have paid it - glance over the letter and update on IRCMS (2 minutes 13% of the time)	\$97.96	0.39	0.006	\$0.63
Counter face to face correspondence (10 minutes 7% of the time)	\$97.96	0.51	0.008	\$0.83
Dealing with customer responses from review via phone including writing notes per matter (5 minutes 3% of the time)	\$97.96	0.2	0.003	\$0.25
Total		13.74	0.229	\$22.43

Additional data provided (type-b enforcement agency):

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%
Phone 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 per infringement	\$22.32
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Table A1.11: Total cost of payment plan output per infringement matter (type-a enforcement agency)

Activity	Hrly charge out rate⁸⁷ (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 per payment plan on average)	\$76.20	7.65	0.127	\$9.71
Bring up the infringement number and check to ensure that the matter has not gone to the infringement court. Consider a payment plan (for health care card holders only). (1 minute 85% of the time with 1.31 matter per payment plan on average)	\$76.20	0.65	0.011	\$0.83
Bring up the infringement number and check to ensure that the matter has not gone to the infringement court. 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)	\$76.20	0.29	0.005	\$3.36
Transfer application information on spreadsheet.	\$76.20	1.15	0.019	\$1.46
Fill in payment plan template as provided by Tenix. 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 on average)	\$76.20	7.65	0.127	\$9.71
IBS fills in the remaining fields and then forwards payment plan on to Tenix. (4.5 minutes with 1.31 matters per payment plan on average)	\$76.20	3.44	0.057	\$4.37
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)	\$76.20	3.44	0.057	\$4.37
Write up a letter to the applicant advising of outcome and payment plan. (1.5 minutes with 1.31 matters per payment plan on average)	\$76.20	1.15	0.019	\$1.46
Print off returns from IBS and attach to the payment plan. (2 minutes with 1.31 matters per payment plan on average)	\$76.20	1.53	0.025	\$1.94
Finance officer raises an invoice for payment to Tenix, which is then sent to accounts payable. \$4.40 paid to Tenix per pin. (25 minutes with an average of 44 matters per invoice raised + \$4.40 paid to Tenix)	\$76.20	0.57	0.009	\$5.12
Payment by accounts payable to Tenix.	\$76.20	1.50	0.025	\$1.90
Coordinator checks that all is correct in the payment plan.	\$125.84	2.00	0.033	\$4.19

⁸⁷ Based on class 3 and 6 staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate⁸⁷ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per payment plan matter (d) = (a) x (c)
Processing payments received by Tenix 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)	\$76.20	0.86	0.014	\$1.09
Cancel plans including: defaulted, cancelled, never on plans and advise IBS via email of change in status. (60 minutes 20% of the time)	\$76.20	0.80	0.013	\$1.02
IBS changes status of infringement to 'live' again to go through the remaining cycle as per normal infringement. (10 minutes 10% of the time)	\$76.20	2.00	0.033	\$2.54
Total		34.66	0.578	\$53.08

Additional data provided (type-a enforcement agency)

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 (type-a enforcement agency)

Activity	Hrly charge out rate (a) ⁸⁸	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)	\$76.20	9.09	0.15	\$26.26
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)	\$76.20	1.30	0.02	\$1.65
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)	\$76.20	35.06	0.58	\$44.53
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)	\$105.48	23.45	0.39	\$41.23
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)	\$76.20	3.91	0.07	\$4.96
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)	\$76.20	4.30	0.07	\$5.46
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)	\$90.99	12.90	0.22	\$95.06
Administration officer prepares a court cover sheet and files the matter in the prosecutions cabinet. (3 minutes 86% of the time)	\$76.20	2.58	0.04	\$3.28
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)	\$90.99	25.80	0.43	\$39.12
Prosecutor returns to court and completes data entry and filing. (10 minutes 86% of the time)	\$90.99	8.60	0.14	\$13.04
Total		127.00	2.12	\$274.60

Additional data provided (type-a enforcement agency)

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

⁸⁸ Based on class 3, 4 and 5 staff classification. All activities assume 1 staff member involved unless stated.

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 (type-b enforcement agency)

Activity	Hrly charge out rate (a) ⁸⁹	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 VIMS 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 VIMS 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)	\$64.43	1.71	0.03	\$1.83
Check history on VIMS to see there is an internal review and who has done it and date it was done and if there has 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)	\$64.43	2.00	0.03	\$2.15
Type infringement number into IRCMS and find the infringement details there and open it up to be processed (0.5 minute)	\$64.43	0.50	0.01	\$0.54
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)	\$64.43	0.05	0.00	\$0.05
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 persons 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)	\$64.43	2.15	0.04	\$2.30
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	\$64.43	3.00	0.05	\$3.22
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 typing in rego, vehicle type and date of offence + print copy and email information over to Licence	\$64.43	0.40	0.01	\$0.43

⁸⁹ Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate (a)⁸⁹	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) = (a) x (c)
and Registration Extracts Unit Record Services Division Victoria Police (0.40 minutes)				
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 typing in 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)	\$64.43	0.60	0.01	\$0.64
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)	\$64.43	3.00	0.05	\$3.22
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)	\$64.43	0.66	0.01	\$0.71
Place brief of evidence (compiled) in filing cabinet ready for the brief to be typed up (0.5 minutes)	\$64.43	0.50	0.01	\$0.54
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 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 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 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. (50 minutes 33.3% of the time)	\$64.43	16.67	0.28	\$17.90

Activity	Hrly charge out rate (a)⁸⁹	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 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 form 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)	\$64.43	11.00	0.18	\$11.81
Informant checks mobile brief for completeness and signs and dates all documents in the brief that are required (10 minutes)	\$97.96	10.00	0.17	\$16.33
Authoriser then checks the documents and checks printed mobile camera brief (30 minutes 33.3% of the time)	\$97.96	30.00	0.50	\$48.98
Authoriser then checks the document and checks printed fixed camera brief (18 minutes 66.6% of the time)	\$97.96	18.00	0.30	\$29.39
Get court date to be processed by listing coordinator (10 minutes)	\$64.43	10.00	0.17	\$10.74
Section brief off and send out to prosecutor, accused, court, one for TCO (2 minutes)	\$64.43	2.00	0.03	\$2.15
Total		112.23	1.87	\$152.93

Table A1.14: Total cost of court elections output per member issued matter (type-b enforcement agency)

Activity	Hrly charge out rate (a)⁹⁰	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 VIMS 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)	\$64.43	1.52	0.03	\$1.63
Check history on VIMS 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)	\$64.43	2.00	0.03	\$2.15
Type infringement number into IRCMS and find the infringement details there and open for processing (0.5 minutes)	\$64.43	0.50	0.01	\$0.54
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)	\$64.43	0.10	0.03	\$1.63
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)	\$64.43	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 50% of the time)	\$64.43	1.50	0.03	\$2.24
Total		7.71	0.13	\$8.30

⁹⁰ 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 (type-b enforcement agency)

Activity	Hrly charge out rate (a)⁹¹	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 VIMS 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)	\$64.43	1.53	0.03	\$1.64
Check history on VIMS 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)	\$64.43	2.00	0.03	\$2.15
Type infringement number into IRCMS and find the infringement details there and open it up to be processed (5 minutes)	\$64.43	0.50	0.01	\$0.54
Send out a letter if information is incomplete (2 minutes 5% of the time)	\$64.43	0.10	0.03	\$1.64
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)	\$64.43	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)	\$64.43	1.43	0.00	\$0.11
Correspondence is sent to the tolling company which includes copy of all selective correspondence relative to the 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)	\$64.43	2.85	0.03	\$2.24
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 form	\$64.43	20.90	0.02	\$1.53

⁹¹ Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate (a) ⁹¹	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per court election matter (d) = (a) x (c)
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)				
Informant checks brief for completeness and signs and dates all documents in the brief that are required (10 minutes 95% of the time)	\$97.96	9.50	0.16	\$15.51
Authoriser then checks the document and checks printed tolling brief (20 minutes 95% of the time)	\$97.96	19.00	0.32	\$31.02
Get court date to be processed by listing coordinator (10 minutes)	\$64.43	10.00	0.17	\$10.74
Section brief off and send out to prosecutor, accused, court, one for TCO (2 minutes)	\$64.43	2.00	0.03	\$2.15
Total		71.90	0.83	\$69.38

Additional data provided (type-b enforcement agency)

	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	\$152.93	16.93%	\$25.89
Per unit cost of court elections member issued	\$8.30	21.47%	\$1.78
Per unit cost of court elections tolling issued	\$69.38	61.60%	\$42.74
Total weighted per unit cost per court election matter			\$70.41

Table A1.16: Total direct cost of processing PRNs (type-a enforcement agency)

Activity	Hrly charge out rate⁹² (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Automation Cost per PRN (d) = (a) x (c)
Run a batch cycle and pick up matters unpaid (30 minutes and an average of 639 ⁹³ PRNs per day) plus VicRoads request for details of unpaid infringement notice vehicle's owners of \$4.00 per matter	\$90.99	0.047	0.0008	\$4.07
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)	\$90.99	0.027	0.0005	\$0.04
Zip the file and send through forms express and then lodged via external warehouse (5 minutes and an average of 639 PRNs per day)	\$90.99	0.008	0.0001	\$4.01
Total		0.082	0.0014	\$4.12

⁹² Based on class 4 staff classification. All activities assume 1 staff member involved unless stated.

⁹³ Based on an average of 16,606 per month.

A1.3 Activity Based Costing of lodgement output activities

Section A1.3 illustrates the detailed activities per output associated with the costs of a lodgement per infringement matter for the Infringements Court – including, payment orders, cost variations, applications for general and special circumstance revocations, agency withdrawals, objections to refusal of revocations, and Section 89B and 89BA of the Road Safety Act applications. 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 activities are taken to be representative sample of an *efficient cost base*. These costs are outlined in Tables A1.17 to A1.23:

Table A1.17: Total cost of payment order output per infringement matter

Activity	Hrly charge out rate ⁹⁴ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per payment order matter (d) = (a) x (c)
Contact the applicant requesting additional information if required. (10 minutes 5% of the time with an average of 9.5 matters per payment order)	\$82.02	0.05	0.0009	\$0.07
Add correspondence that comes into Tenix, which cannot be characterised or received by the registrar at the 277 Williams St Counter Service, on the system. Look up of the person to see if there are any separate files and link them, enrol on payment order system, go into main screen of the debtor 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, the Infringements Court needs to code it to make sure that centre pay form is sent out to the them if granted). (3 minutes 15% of the time with an average of 9.5 matters per payment order)	\$82.02	0.05	0.00	\$0.07
Look at the file on the system sent by Tenix, including: 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 approval. (6 minutes with an average of 9.5 matters per payment order)	\$82.02	0.64	0.01	\$0.87
If refused the registrar must provide an entry on the system the reason for refusal. (1 minute 46% of the time with an average of 9.5 matters/payment order)	\$82.02	0.05	0.00	\$0.07
Assess the application for eligibility to remove or vary costs (investigate the grounds and corroborate with the details of the application) (12 minutes with an average of 9.5 matters per payment order)	\$82.02	1.28	0.02	\$1.75
Grant 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). (12 minutes 35% of the time with an average of 9.5 matters per payment order)	\$82.02	0.45	0.01	\$0.61
Refuse cost variation through payment order application from with a manual letter to the debtor provided. (5 minutes 65% of the time with an average of 9.5 matters per payment order)	\$82.02	0.35	0.01	\$0.47
Total		2.86	0.05	\$3.91

⁹⁴ Based on VPS3 staff classification. All activities assume 1 staff member involved unless stated.

Additional data provided (Infringements Court)

% of applications for payment order refused	46%
% of cost variations from applications for payment order granted	35%
Average number of matters payment order	9.4

Table A1.18: Total cost of 'cost variation' output per infringement matter

Activity	Hrly charge out rate ⁹⁵ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per 'cost variation' matter (d) = (a) x (c)
Assess the application for eligibility to remove or vary costs (investigating the grounds and corroborating what the details of the application). (13 minutes & average of 9.5 matters per cost variation)	\$82.02	1.38	0.0231	\$1.89
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). (15 minutes & average of 9.5 matters per cost variation)	\$82.02	1.60	0.0266	\$2.18
Refusal of revocation application from (used for a cost variation application)(write a decision sheet on all matters and process it on the system manually for each obligation plus privacy checks to ensure eligibility). (15 minutes 19% of the time with an average of 9.5 matters per cost variation)	\$82.02	0.30	0.0051	\$0.42
Refusal cost variation through payment order application from with a manual letter to the debtor. (5 minutes 81% of the time with an average of 9.5 matters per cost variation)	\$82.02	0.43	0.0072	\$0.59
Assess applications and contact applicants and advice outcome of application.	\$82.02	0.21	0.0036	\$0.29
Total		4.03	0.0655	\$5.37

⁹⁵ Based on VPS3 staff classification. All activities assume 1 staff member involved unless stated.

Table A1.19: Total cost of general revocation output per infringement matter

Activity	Hrly charge out rate ⁹⁶ (a)	Min required (b)	Hrs required (c) = (b)/60	Cost/general revocation application matter (d) = (a) x (c)
Applications ⁹⁷ are received by the Infringements Court from Tenix. A correspondence officer re-sorts them into different categories for revocations and other areas (e.g. hand written letters which Tenix is unable to classify) and re-bundles them into stacks of 40 for the registrar. (0.91 minutes (based on 66 processed per hour) with an average of 4.7 matters per application for general revocation)	\$82.02	0.194	0.0032	\$0.26
Registrar assesses each application (in the bundle of 40). (11.4 minutes (based on 5 applications processed per hour by the registrar) with an average of 4.7 matters per application for general revocation)	\$82.02	2.421	0.0404	\$3.31
The application might not have sufficient details (evidence) send back to applicant so draft a letter and post it manually and put in comments on system. (5 minutes 10% of the time with an average of 4.7 matters per application for general revocation)	\$82.02	0.102	0.0018	\$0.14
Grant each application (i.e. default to Infringements Court where agency does not withdraw action by providing paper work within 21 days) plus photocopying plus compiling. (6.6 minutes 5% of the time for an average of 20 applications x 4.7 matters per application for general revocation)	\$64.43	0.003	0.0001	\$0.21
Grant cancellation (no possibility of default to court). (1.6 minutes 4% of the time for an average of 20 applications x 4.7 matters per application for general revocation)	\$64.43	0.001	0.0000	\$0.02
Refusal of each application by registrar. (1.6 minutes 87% of the time for an average of 5 applications x 4.7 matters per application for general revocation)	\$82.02	0.059	0.0010	\$1.78
Refusal of each application by the business support officer. (1.6 minutes 5% of the time for an average of 20 applications x 4.7 matters per application for general revocation)	\$64.43	0.001	0.0000	\$0.02
Court receives withdrawal request from agency and goes into VIMs and processes the request. (1.6 minutes for an average of 20 applications x 4.7 matters per application for general revocation)	\$82.02	0.017	0.0003	\$0.51
When revocation is granted and agency does not withdraw within 21 days it defaults to court and the matter is then to be prosecuted by the agency on a date to be determined on the open court (magistrates). The VIMS court system does an automatic check to see what has passed the 21 days and the matters that haven't been requested for withdrawal by the agency, get an automatic code, which generates correspondence. Correspondence is compiled and sent to	\$64.43	0.500	0.0083	\$0.54

⁹⁶ Based on VPS2 and VPS3 staff classification. All activities assume 1 staff member involved unless stated.

⁹⁷ There are usually 2 deliveries per day (50 correspondences per bundle x 5 bundles per delivery = 250 correspondences per delivery).

Activity	Hrly charge out rate ⁹⁶ (a)	Min required (b)	Hrs required (c) = (b)/60	Cost/general revocation application matter (d) = (a) x (c)
Magistrates' Court for listing. (0.5 minutes per matter).				
Total		4.257	0.0710	\$6.79

Additional data provided for general revocations (Infringements Court):

YTD number of applications for revocation	36,284
YTD grant matters cancelled	2,634
YTD applications refused and cost varied	9,858
YTD agency withdrawal	18,881
YTD agency withdrawal post revocation by court	13,606
YTD Granted matters	12,476
YTD revocation matters refused (those matters not meeting criteria under special circumstances)	155,740
YTD total grant matters cancelled granted or revocation matters refused	170,850
YTD % matters for general revocation refused (those matters not meeting criteria under special circumstances)	91.16%
% of refusals by registrar	95.00%
% of refusals by business support officer	5.00%
YTD % Granted matters and grants cancelled	8.84%
Average number of matters per application for General Revocation	4.7
YTD send backs	3,475
% of total YTD applications for General revocation	9.58%
Total correspondence per day received by the Infringements Court	500
Total correspondence per hour received by the Infringements Court	66
Minutes required per correspondence	0.91
Total number of applications processed by registrar per bundle per day	40
Total number of applications processed by registrar per hour	5
Minutes required per application processed by registrar	11.4
Daily applications for general revocation granted	35
% of daily applications for general revocations granted or grant cancelled	51.47%
Daily applications for general revocations grant cancelled	33
% of daily applications for general revocation granted or grant cancelled	48.53%
Total daily granted and grant cancelled	68
Annual Obligations referred to court 2013/14	2,208
Monthly Obligations referred to court 2013/14	200
Weekly Obligations referred to court 2013/14	50
Daily Obligations referred to court 2013/14	10

Table A1.20: Total cost of special circumstance revocation output per infringement matter

Activity	Hrly charge out rate ⁹⁸ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per special revocation application matter (d) = (a) x (c)
Documents received, verified, coded and pre-assessed. (5 minutes for an average of 30 applications x 32 matters per application for special circumstance revocation)	\$82.02	0.01	0.0001	\$0.007
Documents are sent back. (5 minutes 20% of the time an average of 32 matters per application for special circumstance revocation)	\$82.02	0.16	0.0026	\$0.043
Documents are actioned by the correspondence officer. (5 minutes 80% of the time for an average of 20 applications x 32 matters per application for special circumstance revocation)	\$82.02	0.01	0.0001	\$0.005
Documents are bundled for the registrar. (1 minute for an average of 20 applications x 32 matters per application for special circumstance revocation)	\$82.02	0.001	0.00002	\$0.001
Registrar assesses each application (15 a day on average or roughly 2 per hour). (30.4 minutes for an average 32 matters per application for special circumstance revocation)	\$82.02	0.95	0.0158	\$1.299
Registrar does a send back when information is incomplete which involves a written correspondence. (5 minutes 39% of the time an average of 32 matters per application for special circumstance revocation)	\$82.02	0.06	0.0010	\$0.083
Grant each application (default to court if agency doesn't withdraw in 21 day period) plus photocopying and compiling. (16.6 minutes 25% of the time an average of 32 matters per application for special circumstance revocation)	\$64.43	0.13	0.0021	\$0.137
Court receives withdrawal request from agency and goes into VIMSs and processes. (2.6 minutes an average of 32 matters per application for special circumstance revocation)	\$82.02	0.1	0.0014	\$0.111
When revocation is granted and agency does not withdraw within 21 days it defaults to court and the matter is going to be prosecuted by the agency on a date to be determined on the open court (Magistrates' Court). The VIMS court system does an automatic check to see what has passed the 21 days and the matters that haven't been requested to withdrawal gets an automatic code, which generates correspondence. Copies of original files are attached to correspondence, which is then complied and sent to Magistrates' Court for listing. (5 minutes for an average of 25 matters)	\$82.02	0.2	0.0033	\$0.273
Total		1.5	0.0243	\$1.96

⁹⁸ Based on VPS2 and VPS3 staff classification. All activities assume 1 staff member involved unless stated.

Additional data provided: special circumstance revocations (Infringements Court):

YTD Special Circumstance revocation applications (2013/14)	5,842
YTD total number of matters considered (average of 32 per application)	186,944
YTD Granted matters	45,879
% of total matters considered which are granted matters	24.54%
YTD application send backs by correspondence officer or registrar	2262
% of total Special Circumstance revocation applications sent back	38.72%
Average number of matters per application for special circumstances revocation	32
Total correspondence per day received by the Infringements Court	30
Total correspondence per hour received by the Infringements Court	3.947
Minutes required per correspondence	15.20
Total number of applications processed by registrar per bundle per day	15
Total number of applications processed by registrar per hour	1.97
Minutes required per application processed by registrar	30.4

Table A1.21: Total cost of agency withdrawal output per infringement matter

Activity	Hrly charge out rate ⁹⁹ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per withdrawal per matter (d) =(a) x (c)
Infringements Court receives withdrawal request from agency and goes into VIMs to process. (1.6 minutes for an average of 20 matters per withdrawal request)	\$82.02	0.08	0.0013	\$0.11
Total		0.08	0.0013	\$0.11

Additional data provided for agency withdrawals (Infringements Court):

YTD number of enforcement acting withdrawals by agency of its own volition	18,851
Percentage of withdrawals by own agency volition	58.08%
YTD revocations granted by court where agency may provide paper work within 21 days to withdraw enforcement action	13,606
Percentage revocation granted by court where agency might withdraw action by providing paper work within 21 days	41.92%
Total withdrawals by agency own volition and revocations granted by the court where agency might withdraw action providing paper work within 21 days	32,457
Matters per withdrawal request	20

Table A1.22: Total cost of objection to refusal of revocation output per infringement matter

Activity	Hrly charge out rate ¹⁰⁰ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per objection of refusal of revocation matter (d) =(a) x (c)
Receive objection application and assess whether there has been a revocation application and if it is within time of the refusal. (5 minutes for an average of 9.4 matters per application)	\$82.02	0.53	0.009	\$0.73
If it is not within time then prepare a send back letter (correspondence). (5 minutes 40% of the	\$82.02	0.15	0.002	\$0.20

⁹⁹ Based on VPS3 staff classification. All activities assume 1 staff member involved unless stated.

¹⁰⁰ Based on VPS2 and VPS3 staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate¹⁰⁰ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per objection of refusal of revocation matter (d) = (a) x (c)
time for an average of 9.4 matters per application)				
Establishing which court we need to send cases to depending on location of the offence and issuing agency. (5 minutes 60% of the time for an average of 9.4 matters per application)	\$82.02	0.32	0.005	\$0.44
Put in text comments for either scenario on the file. (4 minutes for an average of 9.4 matters per application)	\$82.02	0.43	0.007	\$0.58
Take photocopies of the entire file for each agency and each court (9 agencies and 9 courts would need 18 copies) (10 minutes for an average of 9.4 matters per application)	\$64.43	1.07	0.018	\$1.14
Lodge objection on the system and prepare paperwork for magistrate, agency and debtor. (8.3 minutes for an average of 9.4 matters per application)	\$64.43	0.89	0.015	\$0.95
Send files to magistrate and to the debtor. (3 minutes for an average of 9.4 matters per application)	\$82.02	0.32	0.005	\$0.44
Total		3.70	0.0616	\$4.48

Additional data provided for objections to refusal of revocations (Infringements Court):

Average number of matters per application	9.4
Total number of papers printed per obligation (8 pieces of paper per obligation)	75

Table A1.23: Total cost of Section 89B of the Road Safety Act output per infringement matter

Activity	Hrly charge out rate¹⁰¹ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per Section 89B matter (d) =(a) x (c)
Receive objection application and assess whether it is a valid application (completed and within 14 days and relates to an offence where notice was served personally) with all the time spent on one matter in one obligation. (3 minutes)	\$82.02	3.00	0.05	\$4.10
Send back if invalid due to not meeting the requirements above. (5 minutes 30% of the time)	\$82.02	1.50	0.03	\$2.05
Initiate the hearing on <i>court link</i> and print cover sheet including any call required. (9 minutes 70% of the time)	\$82.02	6.30	0.11	\$8.61
Prepare hearing notices prepared for the police and the debtor. (5 minutes 70% of the time)	\$82.02	3.50	0.06	\$4.78
Take photocopies of the entire file for infringement's court. (3.5 minutes)	\$82.02	3.50	0.06	\$4.78
Text placed on system for file. (2 minutes)	\$82.02	2.00	0.03	\$2.73
Total		19.80	0.33	\$27.07

¹⁰¹ Based on VPS3 staff classification. All activities assume 1 staff member involved unless stated.

A1.4 Activity Based Costing of enforcement order output activities

Section A1.4 illustrates the detailed activities per output associated with the registration costs of an enforcement order per infringement matter for the enforcement agency and the Infringements Court. These include, pre-lodgement and post-lodgement enforcement order registration activities by the enforcement agency, and direct registration enforcement order costs of the Infringements Court (i.e. processing disks lodged). 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* (type-a enforcement agency) and the Traffic Camera Office of Victoria Police (type-b enforcement agency) and the Infringements Court. These costs are outlined in Tables A1.24 to A1.29:

Table A1.24: Total cost of pre-lodgement enforcement order registration output per infringement matter (type-a enforcement agency)

Activity	Hrly charge out rate ¹⁰² (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per pre-lodgement enforcement order matter (d) =(a) x (c)
Email review team, finance team, prosecutions team and front line receptions team (1 minute per lodgement with an average of 6,623 matters) informing them that a temporary status list (called the prosecutions list) will be created (30 minutes per lodgement with an average of 6,623 matters) which parks all the matters ready to be lodged 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 lodgement.	\$90.99	0.005	0.0001	\$0.007
Prepare Infringements Court report (i.e. court extract in report mode) (45 minutes per lodgement for an average of 6,623 matters)	\$90.99	0.007	0.0001	\$0.010
Finance team receives report informing them of the number of matters to be lodged and puts through a requisition on the finance system to action payment via EFT to the Infringements Court (30 minutes per lodgement for an average of 6,623 matters)	\$76.20	0.005	0.0001	\$0.006
Verify matters prior to lodgement to ensure that they meet criteria as set out by the Infringements Court by undertaking a data sort and filtering against, for example, company status, interstate/overseas address etc. (240 minutes per lodgement for an average of 6,623 matters)	\$90.99	0.04	0.0006	\$0.055
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 lodgement for an average of 6,623 matters)	\$90.99	0.03	0.0005	\$0.041
Prepare lodgement forms (one for up to 5000 pins and one for remaining balance of pins + one for each category of infringement) including signature	\$90.99	0.0023	0.0000	\$0.003

¹⁰² Based on Class 3 and Class 4 staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate¹⁰² (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per pre- lodgement enforcement order matter (d) =(a) x (c)
(15 minutes per lodgement for an average of 6,623 matters).				
Burn files to a disk.	\$90.99	0.00013	0.000002	\$0.0002
Total		0.06	0.0014	\$0.12

Table A1.25: Total cost of disk processing enforcement order registration output per infringement matter (for the Infringements Court)

Activity	Hrly charge out rate¹⁰³ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per enforcement order matter (d) = (a) x (c)
Manual Validation (Check, disk and lodgement form to ensure all artefacts are present). (5 minutes per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0050	0.0001	\$0.007
Send disk errors back to agency. (15 minutes per disk lodged 15% of the time for an average of 1,000 matters per disk)	\$82.02	0.0023	0.0000	\$0.003
Revalidate revised disks. (5 minutes per disk lodged 15% of the time for an average of 1,000 matters per disk)	\$82.02	0.0008	0.0000	\$0.001
Create template on the system. (2 minutes per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0020	0.0000	\$0.003
Keep a spreadsheet of what lodgements come through and lodgement number. (2 minutes per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0020	0.0000	\$0.003
Complete a payment statement for banking.	\$82.02	0.0020	0.0000	\$0.003
Prepare a referral sheet for Tenix to upload the disks into the production system (inter-VIMs). (2 minutes per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0020	0.0000	\$0.003
Send referral and disk to Tenix. (2 minutes per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0020	0.0000	\$0.003
Automatic validation of disk by Tenix (estimated to be someone equivalent to a VPS3 salary which is confirmed as the level required when this activity was performed in house). (2 minutes per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0020	0.0000	\$0.003
Marry evaluation report by Tenix to the different lodgements. (1 minute per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0010	0.0000	\$0.001
Assess the report and if there are no errors then go back into VIMs system and bring up lodgement and sign off lodgement. (2 minutes per disk lodged 65% of the time for an average of 1,000 matters per disk)	\$82.02	0.0013	0.0000	\$0.002
Assess the report and if there are errors manually fix (e.g. individual vs. company) amend status and accept and grant lodgement. (5 minutes per disk lodged 30% of the time for an average of 1,000 matters per disk)	\$82.02	0.0015	0.0000	\$0.002
Assess reports with errors that cannot be amended (alignment of data is out) prepare a letter to indicate where there is an error in the process and	\$82.02	0.0005	0.0000	\$0.001

¹⁰³ Based on VPS3 staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate¹⁰³ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per enforcement order matter (d) = (a) x (c)
reject lodgement and retain fees. (10 minutes per disk lodged 5% of the time for an average of 1,000 matters per disk)				
Prepare refunds for agencies which have incorrect amounts paid. (9 minutes per disk lodged 0.02% of the time for an average of 1,000 matters per disk)	\$82.02	0.0000	0.0000	\$0.000
Update spreadsheet for status of lodgement. (2 minutes per disk lodged for an average of 1,000 matters per disk)	\$82.02	0.0020	0.0000	\$0.003
Total		0.0263	0.0004	\$0.036

Table A1.26: Total cost of post-lodgement enforcement order registration output per infringement matter (type-a enforcement agency)

Activity	Hrly charge out rate ¹⁰⁴ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) = (a) x (c)
Receive notices of revocation (general and special) with 21 days to withdraw enforcement procedures, and appeals of refusal of revocation, which have to go to court at the date set. Sort notices by date range, changing the status, placing a VicRoads request on the system, placing barcode on file and scanning. (12 minutes per file with an average of 12 matters/file)	\$76.20	1.026	0.02	\$1.30
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 per file).	\$76.20	1.50	0.02	\$1.90
Non-enforcement order approved by a coordinator for the special circumstance revocations and certain withdrawals (within 21 days). (7.5 minutes per matter)	\$105.48	7.50	0.13	\$13.18
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. (15 minutes 30% ¹⁰⁵ of the time per matter)	\$76.20	4.50	0.08	\$5.71
Administration officer or prosecutor prepares a court cover sheet and files the matter in the prosecutions cabinet. (3 minutes 30% of the time per matter)	\$76.20	0.90	0.02	\$1.14
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 the time per matter).	\$105.48	9.00	0.15	\$15.82
Prosecutor returns from court and completes data entry and filing. (10 minutes 30% of the time per matter)	\$105.48	3.00	0.05	\$5.27
Total		27.42	0.46	\$44.34

Additional data provided for post-lodgement enforcement order activities (type-a enforcement agency)

Files per month made up of general revocations, special revocations and appeals (objections of refusal of revocation)	100
Files per day	3.8
Matters per day	45
Matters per file	12
% of revocations by the Magistrates' Court (2013-14) ¹⁰⁶	29.1%
% of revocations by the Magistrates' Court (2012-13) ¹⁰⁷	30%

¹⁰⁴ Based on Class 3 and Class 5 staff classification. All activities assume 1 staff member unless stated.

¹⁰⁵ Based on the proportion of revocation activity undertaken by the Magistrate' Court which is typically 30%.

¹⁰⁶ Department of Justice and Regulation, Annual report on the infringements system, 2013-14.

¹⁰⁷ Department of Justice, Annual report on the infringements system, 2012-13.

% of revocations by the Magistrates' Court (2011-12) ¹⁰⁸	30%
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Table A1.27: Total cost of post-lodgement enforcement order registration output per infringement matter (tolling) (type-b enforcement agency)

Activity	Hrly charge out rate ¹⁰⁹ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) = (a) x (c)
Receive notices of revocation (general and special) with 21 days to withdraw enforcement procedures. Sort notices by date range, changing the status, and decide to proceed or withdraw (4 minutes per revocation application with an average of 30 tolling matters 50% of the time)	\$97.96	4.00	0.07	\$6.53
PV them if a choice is made to withdraw (0.5 minutes 50% of the time)	\$64.43	0.25	0.00	\$0.27
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)	\$64.43	0.35	0.01	\$0.38
Correspondence is sent to the tolling company which includes copy of all selective correspondence relative to the 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)	\$64.43	1.50	0.025	\$1.61
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. (21 minutes 50% of the time)	\$64.43	10.50	0.18	\$11.28
Informant checks brief for completeness and signs and dates all documents in the brief that are required (10 minutes 50% of the time)	\$97.96	5.00	0.08	\$8.16
Authoriser then checks the document and checks printed brief (20 minutes 50% of the time)	\$97.96	10.00	0.17	\$16.33
Get court date and process by listing coordinator (10 minutes 50% of the time)	\$64.43	5.00	0.08	\$5.37
Letter if tolling company chooses not to proceed (0.5 minutes 5% of the time)	\$64.43	0.03	0.00	\$0.03

¹⁰⁸ Department of Justice, Annual report on the infringements system, 2011-12.

¹⁰⁹ Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate¹⁰⁹ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) =(a) x (c)
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)	\$64.43	1.35	0.02	\$1.45
Total		31.60	0.53	\$51.40

Table A1.28: Total cost of post-lodgement enforcement order registration output per infringement matter (camera or member issued) (type-b enforcement agency)

Activity	Hrly charge out rate ¹¹⁰ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) =(a) x (c)
Receive notices of revocation (general 50% and special circumstance 50%) and undertake an initial sort (30 minutes per stack of 20 notices received and 30 matters per notice)	\$64.43	0.05	0.001	\$0.05
Receive notices of revocation with 21 days to withdraw enforcement procedures. Sort notices by date range, change the status, and decide to proceed or withdraw (11 minutes on average 50% of the time)	\$97.96	5.50	0.092	\$8.98
Review special revocations (supported with medical documentation) (1 minute 50% of the time)	\$97.96	0.50	0.008	\$0.82
PV them and if general withdraw and update on IRCMS and print off letter to the accused. (1 minute 12% of the time)	\$97.96	0.12	0.002	\$0.20
PV them if special withdraw and update on IRCMS and print of letter to the accused. (2 minutes 5% of the time)	\$97.96	0.10	0.002	\$0.16
PV them if nomination and update on IRCMS. (0.5 minutes 3% of the time)	\$97.96	0.02	0.000	\$0.02
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)	\$64.43	0.25	0.004	\$0.26
Correspondence retained by TCO which includes copy of all selective correspondence relative to the 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)	\$64.43	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 the 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)	\$64.43	5.25	0.088	\$5.64
Pick up brief of evidence and type up a fixed or 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	\$64.43	8.40	0.14	\$9.02

¹¹⁰ Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate ¹¹⁰ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) =(a) x (c)
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 an 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 24 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)	\$97.96	3.50	0.06	\$5.71
Authoriser then checks the document and checks printed brief. (Average of 22 minutes 35% of the time)	\$97.96	7.70	0.13	\$12.57
Get court date to be processed by listing coordinator (10 minutes 80% of the time)	\$64.43	8.00	0.13	\$8.59
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)	\$64.43	2.40	0.04	\$2.58
Total		31.45	0.52	\$54.73

Table A1.29: Total cost of post-lodgement enforcement order registration output per infringement matter (appeals for refusal of revocation camera or member issued infringement) (type-b enforcement agency)

Activity	Hrly charge out rate ¹¹¹ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) =(a) x (c)
Go to court and undertake pre-court research looking into grounds for the application and form a view as to the appropriateness and strength of the application with 360 minutes spent per day for 900 matters or 2.5 minutes per matter	\$97.96	2.50	0.04	\$4.0817
If refused go back to Infringements Court and update excel spreadsheet (0.5 minutes 50% of the time)	\$64.43	0.25	0.00	\$0.2685

¹¹¹ Based on VPS2 and Leading Senior Constable staff classification. All activities assume 1 staff member involved unless stated.

Activity	Hrly charge out rate ¹¹¹ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) =(a) x (c)
If application is granted then most would finalise at court as a plea of guilt and new penalty is imposed and updated in excel spreadsheet (1 minute 45% of the time)	\$64.43	0.45	0.01	\$0.4832
If granted and then not a plea of guilt on the day then do a review to assess if appropriate to move on to hearing (10 minutes 1% of the time)	\$97.96	0.13	0.00	\$0.2041
Withdrawal notice and letter to the accused (2 minutes 4% of the time)	\$64.43	2.25	0.04	\$2.4161
Correspondence retained by TCO which includes copy of all selective correspondence relative to the 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 1 % of the time)	\$64.43	0.0042	0.000	\$0.0045
Correspondence is sent to the member to prepare the brief which includes copy of all selective correspondence relative to the 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 1% of the time)	\$64.43	0.19	0.003	\$0.20
Pick up brief of evidence and type up a fixed or mobile brief or tolling brief and check cover sheet and check original documents (e.g. whether it is a nomination) licence number and 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 summons section and ensure licence is correct 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 an 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. Attach the signed statement to the full brief. (Average of 24 minutes 1 % of the time)	\$64.43	0.30	0.01	\$0.32
Informant checks brief for completeness and signs and dates all documents in the brief that are required. (10 minutes 1% of the time)	\$97.96	0.13	0.00	\$0.20

Activity	Hrly charge out rate ¹¹¹ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per post-lodgement enforcement order matter (d) = (a) x (c)
Authoriser then checks the document and checks printed brief. (Average of 22 minutes 1% of the time)	\$97.96	0.28	0.00	\$0.45
Get court date to be processed by listing coordinator (10 minutes 1% of the time)	\$64.43	0.13	0.00	\$0.13
Complete data entry and filing after court plus excel spreadsheet to update results in IRCMS (3 minutes for 30 matters 1% of the time)	\$64.43	0.038	0.00	\$0.04
Total		6.63	0.11	\$8.81

Additional data provided for post-lodgement enforcement order activities (type-b enforcement agency):

	2014-15	2013-14	Average	% of total revocations and appeals
No. revocations considered for tolling	49649	33742	41695.5	39.75%
No. revocations considered for camera	11012	7588	9300	8.86%
No. revocations considered for member issued infringements	6915	4052	5483.5	5.23%
No. appeals for refusal of revocation considered	58420	38437	48428.5	46.16%
Total revocations and appeals considered	125996	83819	104908	100.00%

	Raw per unit cost	% of total revocations and appeals	Weighted per unit cost
Tolling issued revocations considered	\$51.40	39.75%	\$20.43
Camera and member issued revocations considered	\$54.73	14.09%	\$7.71
Appeals considered	\$8.81	46.16%	\$4.07
Total weighted per unit cost of post lodgement			\$32.21

A1.5 Activity Based Costing of warrant output activities

Section A1.5 illustrates the detailed activities per output associated with the issue/serving and enforcement of warrant costs. These activities include: the initial contact with defendants, sanctions, seizure and removal of assets, sale of assets, third party claims (claims accepted and interpleader), and arrests. 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 A1.30 and A1.31

Table A1.30: Total cost of issuing and serving a warrant per infringement matter¹¹²

¹¹² On advise of the Sheriff's office, officers rarely forcefully enter premises. Therefore this activity has omitted.

Activity	Hrly charge out rate¹¹³ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per warrant matter (d) =(a) x (c)
<i>Initial contact with defendants</i>				
Preparation of warrant	\$82.02 ¹¹⁴	15.00	0.25	\$20.51
Calling at warrant address (Serve 7 day notice and payment demand) (15 minutes 91.38% of the time - (see additional data provided for percentages)	\$112.58	13.71	0.228	\$25.72
Road block (Serve 7 day notice and payment demand) (10 minutes 11.04% of the time)	\$112.58	1.10	0.018	\$2.07
Street sweep (Serve 7 day notice and payment demand) (10 minutes 11.04% of the time)	\$112.58	1.10	0.018	\$2.07
Wheel clamping operation (Serve 7 day notice and payment demand) (10 minutes 11.04% of the time)	\$112.58	1.10	0.018	\$2.07
Application for payment order (20 minutes 2.66% of the time)	\$112.58	0.53	0.009	\$1.00
Total		32.55	0.543	\$53.44

¹¹³ Based on a Senior Sheriff's Officer and Operations Officer (taken to be at the VPS4 level) staff classification. All activities assume 2 staff members involved except for sale of assets and third party claims.

¹¹⁴ Based on a VPS3.

Table A1.31: Total cost of enforcing a warrant per infringement matter

Activity	Hrly charge out rate¹¹⁵ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per warrant matter (d) =(a) x (c)
Sanctions				
Wheel clamping				
Clamp vehicle (Apply clamp, Complete wheel clamping listing sheet, Attach stickers to vehicle) (20 minutes 13.52% of the time)	\$112.58	2.70	0.045	\$5.07
Return to vehicle to remove clamp (10 minutes 11.91% of the time)	\$112.58	1.19	0.020	\$2.24
Detain vehicle				
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)	\$112.58	1.20	0.020	\$2.24
Notice of intention to suspend licence and/or registration				
Licence check, Registration check, Issue NOITS form, Warrant action form, Submit forms to head office (20 minutes 16.57% of the time)	\$112.58	3.31	0.055	\$6.22
Seizure and removal of assets				
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)	\$112.58	0.43	0.007	\$0.80
Sale of assets				
Detained vehicle				
Initial File Preparation (15 minutes 1.33% of the time)	\$96.96	0.20	0.003	\$0.32
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)	\$96.96	0.53	0.009	\$0.86
Disbursement/Auction result (Receive auction reconciliation statement, Receive IMES bank statement, Disbursement against each warrant less costs on VIMS) (30 minutes 1.33% of the time)	\$96.96	0.40	0.007	\$0.64
Closing/Archiving (Update VIMS and SAAS databases, Scan and TRIM file,	\$96.96	0.27	0.004	\$0.43

¹¹⁵ Based on a Senior Sheriff's Officer and Operations Officer (taken to be at the VPS4 level) staff classification. All activities assume 2 staff members involved except for sale of assets and third party claims.

Activity	Hrly charge out rate¹¹⁵ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per warrant matter (d) =(a) x (c)
Forward hardcopy file to archive) (20 minutes 1.33% of the time)				
Seized property				
Prepare file for auction (Vehicle evaluation, Letters of demand, Prepare advertisements, Seek approval from Deputy Sheriff) (15 minutes 0.48% of the time)	\$96.96	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)	\$96.96	0.19	0.003	\$0.31
Disbursement/Auction result (Receive auction reconciliation statement, Receive IMES bank statement, Disbursement against each warrant less costs on VIMS) (30 minutes 0.48% of the time)	\$96.96	0.14	0.002	\$0.23
Closing/Archiving (Update VIMS and SAAS databases, Scan and TRIM file, Forward hardcopy file to archive) (20 minutes 0.48% of the time)	\$96.96	0.10	0.002	\$0.15
Third party claims (claims accepted)				
Initial contact (Receive and assess third party claim, Update VIMS 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)	\$96.96	0.04	0.001	\$0.07
Closing/Archiving (Update VIMS and SAAS databases, Scan and TRIM file, Forward hardcopy file to archive) (20 minutes 0.15% of the time)	\$96.96	0.03	0.0005	\$0.05
Third party claims (interpleader)				
Initial contact (Receive and assess third party claim, Update VIMS 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)	\$96.96	0.03	0.0005	\$0.05
Closing/Archiving (Update VIMS and SAAS databases, Scan and TRIM file,	\$96.96	0.03	0.0005	\$0.05

Activity	Hrly charge out rate¹¹⁵ (a)	Weighted Min required (b)	Weighted Hrs required (c) = (b)/60	Cost per warrant matter (d) =(a) x (c)
Forward hardcopy file to archive) (20 minutes 0.15% of the time)				
Arrest				
Community work permit (Pre-arrest check (comms), Find appropriate CCS office, CWP forms: Lodge forms with head office) (60 minutes 1.49% of the time)	\$112.58	0.90	0.0149	\$1.68
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)	\$112.58	17.54	0.2923	\$32.91
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)	\$112.58	0.47	0.0079	\$0.88
Total		29.77	0.496	\$55.33

Additional data provided on warrant activity

Activity	Relevant matters 2013-14 YTD	% of warrants actioned
Warrants actioned	938,854	100%
Special operations	103,678 ¹¹⁶	11.04%
Paid in full	80,944	8.62%
Unpaid	857,910	91.38%
Wheels clamped	126,932	13.52%
Wheel clamps removed	111,852	11.91%
Vehicles detained	12,480	1.33%
NOITS licence or registration	155,580	16.57%
Application for payment orders	25,002	2.66%
Third party claims	1,398	0.15%
Seizure WP	4,470	0.48%
Community Work Permits	14,030	1.49%
Bailed	274,453	29.23%
Lodged	3,686	0.39%

¹¹⁶ Based on 2011-12 data (see Victorian Ombudsman, *Own motion investigation into unenforced warrants*, August 2013, p.33).

A1.6 Per unit cost of PRN activities

Penalty Reminder Notice 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 A1.16.

Moreover two types of enforcement agencies are considered, as shown in Table 5 including: (*type-a*) a large metropolitan based council (Melbourne City Council), and (*type-b*) the Traffic Camera Office (TCO) branch of the Victoria Police. These two are considered specifically, as they represent the bulk of infringement fines issued, as shown in Table A1.32.

Table A1.32: Average annual infringements issued and distribution of infringements between councils and Victoria Police

Category of infringements issued	2011/12 volume	2012/13 volume	2013/14 volume	Average volume	Percentage of total parking and traffic infringements issued
Parking infringements issued by <i>type-a</i> enforcement agency	1,605,633	1,649,663	1,609,163	1,621,486	35.03%
Traffic infringements issued by <i>type-b</i> enforcement agency	2,732,714	3,374,073	2,915,442	3,007,410	64.97%
Total parking and traffic infringements issued	4,338,347	5,023,736	4,524,605	4,628,896	100.00%
Other infringements issued	450,038	796,643	463,649	570,110	
Total infringements issued	4,788,385	5,820,379	4,988,254	5,199,006	

Cost for nominations, internal reviews, payment plans¹¹⁷ 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 A1.35. The estimated total number of nominations for *type-a* enforcement agencies are estimated in Table A1.33 and based on approximately 30,000 nominations processed per annum by the City of Melbourne. The estimated total number of direct processing activities around PRNs for *type-a* enforcement agencies are estimated in Table A1.34 and based on an approximately 199,266 PRNs directly processed per annum by the City of Melbourne and adjusted by a ratio of 3:5¹¹⁸ to capture the proportion of councils likely to undertake some direct processing work in relation to PRNs.

Table A1.33: Estimated average volume of nominations by *type-a* enforcement agencies – 2011-12 to 2013-14

¹¹⁷ Payment plans and PRNs (completely automated) are processed on behalf of the TCO the external contractor and costs are included in Table 5.

¹¹⁸ 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 around PRNs to an external contract (i.e. 2 in 5 councils) based on advice by IMES.

Activity	2011-12	2012-13	2013-14
Annual nominations for City of Melbourne (j)	30,000	30,000	30,000
Annual infringements issued by City of Melbourne (k)	388,292	411,071	404,928
Annual infringements issued by all councils (l)	1,673,034	1,709,333	1,681,539
Estimated number of annual nominations by councils (m) = (l)/(k) x (j)	129,261	124,747	124,581

Source: Data provided by City of Melbourne, IMES including annual reports.

Table A1.34: Estimated average volume of PRNs directly processed by type-a enforcement agencies – 2011-12 to 2013-14

Activity	2011-12	2012-13	2013-14
Annual PRNs directly processed by City of Melbourne (n)	199,266	199,266	199,266
Annual infringements issued by City of Melbourne (k)	388,292	411,071	404,928
Annual infringements issued by all councils (l)	1,673,034	1,709,333	1,681,539
Estimated annual number of PRNs directly processed by councils (o) = (l)/(k) x (n) x 3/5	515,147	497,158	496,494

Source: Data provided by City of Melbourne, IMES including annual reports.

Table A1.35: Estimated average volume of output across nominations, internal reviews, payment plans, court elections and direct PRN processing activities – 2011-12 to 2013-14

Category of output (enforcement agency type)	2011/12 volume (p)	2012/13 volume (q)	2013/14 volume (r)	Average volume of annual output (s) = [(p)+(q)+(r)]/3	Percentage of total average annual output (t) = (s)/1,837,091
Estimated Nominations (type – a) ¹¹⁹	129,261	124,747	124,581	126,196	6.87%
Nominations (type – b)	716,956	758,890	672,038	715,961	38.97%
Infringement reviews (type – a)	168,315	188,562	193,644	183,507	9.99%
Infringement reviews (type – b)	183,789	227,391	221,153	210,778	11.47%
Payment Plans (type – a)	34,607	44,894	42,588	40,696	2.22%
Estimated PRNs directly processed (type-a) ¹²⁰	515,147	497,158	496,494	502,933	27.38%
Court Elections (type – a)	2,834	7,280	4,049	4,721	0.26%
Court Elections (type – b)	40,289	50,894	65,714	52,299	2.85%
Total annual PRN related outputs	1,791,198	1,899,816	1,820,260	1,837,091	100.00%

Source: Data provided by IMES including annual reports.

As shown in Table A1.36, the estimated average cost of issuing a PRN, including services bought in by external providers, is approximately **\$21.47 per matter** – including all relevant VicRoads search/extract costs, debt collection costs, contract and legal costs.

¹¹⁹ See Table A1.33 of this report for source of estimates.

¹²⁰ See Table A1.34 of this report for source of estimates.

Table A1.36: Average cost of a PRN per matter

Description of costs	Cost per infringement matter ¹²¹ (u)	Pro Rata apportionment (t) ¹²²	Costs allocated (v) = (u) x (t)
Nominations (enforcement agency type – a)	\$11.42	6.87%	\$0.78
Nominations (type – b)	\$11.76	38.97%	\$4.58
Infringement reviews (type – a)	\$42.30	9.99%	\$4.23
Infringement reviews (type – b)	\$22.32	11.47%	\$2.56
Payment Plans (type – a)	\$53.08	2.22%	\$1.18
Direct costs of PRN processing	\$4.12	27.38%	\$1.13
Court Elections (type – a)	\$274.60	0.26%	\$0.71
Court Elections (type – b)	\$70.41	2.85%	\$2.00
Cost of external provider ¹²³			\$4.29
Total cost of outputs per matter			\$21.47

A1.7 Per unit cost of Lodgement activities

The cost of services of the Infringements Court in managing the enforcement of the lodged infringement matter¹²⁴ includes the following outputs:

- Payment orders,
- Cost variations,
- Applications for general revocations,
- Applications for special circumstance revocations,
- Processing Enforcement Agency withdrawals,
- Applications for objections to refusal of revocations, and
- Processing 89B applications (dealing with excessive speed and drink driving).

Cost for payment orders, cost variations, applications for general revocations, applications for special circumstance revocations, withdrawals, objections to refusals of revocations and 89B applications are allocated pro rata by establishing the distribution of these outputs as a proportion of all total outputs, as shown in Table A1.37.

Table A1.37: Estimated average volume of output across payment orders, cost variations, applications for general revocations, applications for special circumstance revocations, withdrawals, objections to refusals of revocations and 89B applications – 2013-14

Category of output (applications)	2013/14 volume (w)	Percentage of total average annual output (x) = (w)/123,686
Payment orders + cost variations applications	46,760	37.81%
General revocation applications	36,284	29.34%
Special circumstance revocation applications	5,842	4.72%
Withdrawals	32,457	26.24%
Objections to refusal of revocation applications	2,343	1.89%
Section 89B applications	189	0.15%

¹²¹ See Tables A1.6 to A1.16 for source of estimates.

¹²² See Table A1.35 of this report for percentages.

¹²³ See Table A1.5 of this report for allocation of outsourced costs.

¹²⁴ IMES, *The Infringements System (prior to changes to be made under the Fines Reform)* CD/14/523460.

Category of output (applications)	2013/14 volume (w)	Percentage of total average annual output (x) = (w)/123,686
Total number of outputs	123,686	100.00%

Source: Data provided by the Infringements Court.

As shown in Table A1.38, the estimated average cost of a managing enforcement of lodged matters (in an automated system) with the Infringements Court, including services bought in by external providers, is approximately \$9.78 – This includes all relevant costs of outputs discussed. With full-cost recovery the proposed lodgement fee would be \$9.78 per matter.

Table A1.38: Average cost of managing enforcement of lodged matter by the Infringements Court

Description of costs	Cost per infringement matter ¹²⁵ (y)	Pro Rata apportionment (z) ¹²⁶	Costs allocated (a1) = (x) x (y)
Cost of payment order + cost variation	\$9.29	38%	\$3.51
Cost of general revocation	\$6.79	29.3%	\$1.99
Cost of special circumstance revocation	\$1.96	4.72%	\$0.09
Cost of withdrawal	\$0.11	26.24%	\$0.03
Cost of objection to refusal of revocation	\$4.48	1.89%	\$0.08
Cost of Section 89B application	\$27.07	0.15%	\$0.04
Cost of external provider ¹²⁷			\$4.03
Total cost of outputs per matter			\$9.78

The management of enforcement also includes warrant enforcement conducted by the Sheriff's Office. This 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 order or apply for a revocation order or object to refusal of a revocation within the 'seven-day notice' period. These sanctions designed to prompt payment include: wheel clamping¹²⁸, registration non-renewal, seizure and sale of goods, third party claims, suspension of driver licences or vehicle registrations, or arrest. The estimated cost of this per matter is \$55.33, as shown in Table A1.39 (see Table A1.31 for source of estimates).

Table A1.39: Average cost of managing enforcement of lodged matter by the Sheriff's Office

Activity	Cost per matter
Sanctions	\$15.77
Seizure and removal of assets	\$0.80
Sale of assets	\$3.06
Third party claims	\$0.22
Arrest	\$35.48
Total	\$55.33

The per unit cost of enforcement activity by the infringements Court and the Sheriff's Office is therefore estimated to be **\$65.11 per matter**.

¹²⁵ See Tables A1.17 to A1.23 for source of estimates.

¹²⁶ See Table A1.38 of this report for percentages.

¹²⁷ See Table A1.5 of this report for allocation of outsourced costs.

¹²⁸ Can occur before a seven-day notice is issued.

A1.8 Per unit cost of Enforcement Order activities

The cost of an enforcement order covers the cost of registration activities, required and costs incurred (i.e. registration costs), by enforcement agencies in lodging matters with the Infringements Court.¹²⁹ The *lodgement of matters with the Infringements Court* includes: pre-lodgement and post-lodgement enforcement order registration activities by the enforcement agency, as well as the direct cost of processing the lodgement disk by the Infringements Court.

With regard to post-lodgement activities – if an application for revocation for special circumstances is not granted by the Infringements Court and the matter is not withdrawn by the enforcement agency, then the enforcement order is revoked by the Infringements Court and the matter is listed for hearing in the Special Circumstances List before a magistrate or judicial registrar. In the case of a rejection of an application for general revocation and/or objections to refusal of revocation by the Infringements Court – the enforcement order is again revoked by the Infringements Court and the matter is listed for a summary hearing. In both these cases, the cost of post-lodgement activities includes attendance by the enforcement agencies prosecutor at a summary hearing for matters either included or not included Special Circumstances List.

With regard to pre-lodgement, disk lodgement and post-lodgement activities – two types of enforcement agencies are considered, as shown in Table A1.41 including: (*type-a*) councils (Melbourne City Council), and (*type-b*) the Traffic Camera Office (TCO) branch of the Victoria Police, as well as the Infringements Court. Costs and pre-lodgement¹³⁰, disk lodgement and post-lodgement activities are allocated pro rata by establishing the distribution of these outputs as a proportion of total related outputs for the registration of lodged matters for enforcement, as shown in Table A1.41.

The estimated total number of pre lodgement activities for *type-a* enforcement agencies (i.e. 936 lodgements) are based on 12 lodgements per annum per council and 78 councils. The estimated total number of post lodgement activities for *type-a* enforcement agencies are estimated in Table A1.40 and based on approximately 1,200 receipts¹³¹ per annum associated with post lodgement processing activities by the City of Melbourne for 2013-14.

Table A1.40: Estimated average volume of post lodgement processing by *type-a* enforcement agencies – 2013-14

Activity	2013-14
Annual post-lodgement registration processing by City of Melbourne (No. PINs) (b1)	1,200
Annual infringements issued by City of Melbourne (k)	404,928
Annual infringements issued by all councils (l)	1,681,539
Estimated annual post lodgement registration processing by all councils (No. PINs) (c1) = (l)/(k) x (b1)	2,990

Source: Data provided by City of Melbourne and IMES including annual reports.

¹²⁹ IMES, *The Infringements System (prior to changes to be made under the Fines Reform)* CD/14/523460.

¹³⁰ Pre lodgement activities are processed on behalf of the TCO the external contractor and costs are included in Table A1.5.

¹³¹ 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).

Table A1.41: Estimated average volume of output across pre lodgement, disk lodgement, and post lodgement registration activities – 2013-14

Category of output	2013/14 volume (d1)	Percentage of total average annual outputs (e1) = (d1)/111,298
Estimated Pre lodgements registration (type – a)	2,332	2.10%
Disk lodgements (Infringements Court) ¹³²	1,068	0.96%
Estimated Post lodgement registration (type-a) ¹³³	2,990	2.69%
Post lodgement (type-b) ¹³⁴	104,908	94.26%
Total number of registration outputs	111,298	100.00%

As shown in Table A1.42, the estimated average registration cost of a lodged matter, including services bought in by external providers for enforcement orders is approximately **\$34.02** – including all relevant pre and post lodgement costs, and disk lodgement costs.

Table A1.42: Average cost of registration of a lodged matter with the Infringements Court for enforcement order

Description of costs	Cost per infringement matter ¹³⁵ (f1)	Pro Rata apportionment (e1) ¹³⁶	Costs allocated (g1) = (f1) x (e1)
Cost of pre-lodgement registration output for enforcement order (enforcement agency type-a)	\$0.12	2.10%	\$0.0026
Cost of disk lodgement output for enforcement order by Infringements Court (enforcement agency type-a)	\$0.04	0.96%	\$0.0003
Cost of post-lodgement registration output for enforcement order (enforcement agency type-a)	\$44.34	2.69%	\$1.19
Cost of post-lodgement registration output for enforcement order (enforcement agency type-b)	\$32.21	94.26%	\$30.36
Cost of external provider ¹³⁷			\$2.47
Total cost of outputs per matter			\$34.02

¹³² There were 1,068 lodgement disks processed by the Infringement's court in 2013-14.

¹³³ See Table A1.40 for source of estimate.

¹³⁴ An average of 104,908 revocations and appeals processed per annum based on data for 2013-14 and 2014-15 (data provided by the TCO).

¹³⁵ See Tables A1.24 to A1.29 for source of estimates.

¹³⁶ See Table A1.41 for source of percentages.

¹³⁷ See Table A1.5 of this report for allocation of outsourced costs.

A1.9 Per unit cost of Warrant Issue activities

The cost of issuing and serving a warrant is estimated to be **\$57.65 per matter** and includes the time required for the preparation of a warrant, issuing a warrant, serving a 7 day notice and payment demand, application for payment order and external contractor (See table A1.5 for apportioned cost of contractor \$4.21), as shown in Table A1.43.

Table A1.43: Average cost of issuing and serving a warrant by the Sheriff's Office¹³⁸

Activity	Cost per matter
Issuing a warrant	\$20.51
Serving a 7 day notice and payment demand	\$31.93
Application for payment order	\$1.00
External contractor	\$4.21
Total	\$57.65

¹³⁸ See Table A1.30 for source of estimates.

Appendix 2 – Determination of fees and revenue under Options 3 and 4

The determination of revenue under Options 3 and 4 is based on the average volume of output over 3 years as summarised in Table A2.1.

Table A2.1: Average 3-year volume of outputs across PRNs, Lodgements, Enforcement Orders and Warrants¹³⁹

Category of output	2011/12 volume (d)	2012/13 volume (e)	2013/14 volume (f)	Average volume of annual output (g) = [(d)+(e)+(f)]/3
PRNs ¹⁴⁰	1,570,916	2,163,608	1,835,129	1,856,551
Lodgements	901,998	1,216,540	1,087,326	1,068,621
Enforcement Orders	1,565,585	1,848,784	1,811,495	1,741,955
Warrants issued	1,715,391	1,712,391	2,033,236	1,820,339
Total	5,753,890	6,941,323	6,767,186	6,487,466

A2.1 Determination of fees and revenue under Option 3

The fees under Option 3 are obtained from the current fee regulations. Taking the product of the average volume of annual output (column (g)) in Table A2.1 and current fees in Table A2.2 gives current estimated revenue as \$253.88 million per annum.

Table A2.2: Comparison of current fee revenue and proposed fee revenue

Activity	Current fees	Current revenue	Option 4 fees	Option 4 revenue
PRNs	\$23.80	\$44,185,914	\$21.47	\$39,852,434
Lodgements	\$51.60	\$55,140,861	\$65.11	\$69,576,877
Enforcement orders	\$27.80	\$48,426,340	\$34.02	\$59,266,636
Warrant issue	\$58.30	\$106,125,783	\$57.65	\$104,937,992
Total revenue		\$253,878,897		\$273,633,939

A2.2 Determination of fees and revenue under Option 4 (the proposed regulations)

The proposed fees under Option 4 are determined from the activity based costing exercise in Appendix 1 and listed in Table A2.2 under the heading Option 4 fees. The total revenue of \$273.63 million is estimated taking the product of Option 4 fees and the average volume of annual output (column (g)) in Table A2.1

¹³⁹ Data provided by IMES including annual reports.

¹⁴⁰ PRN volumes are obtained from the VIMS data warehouse via IMES.

Appendix 3 – The infringements procedure

Table A3.1: The infringements procedure

Stage	Time limit	Options and results
1 Infringement notice (Penalty set by legislation)	As specified on notice (usually 28 days but may be longer)	<ul style="list-style-type: none"> • Pay penalty: <ul style="list-style-type: none"> ○ payment completed on time – no further action ○ payment not completed – go to stage 2 • Ask agency to <i>waive</i> the fine: <ul style="list-style-type: none"> ○ application granted – no further action ○ application rejected – either pay the penalty within 14 days of receiving notice of this decision, or go to stage 3 • Ask for more time to pay or payment by instalments: <ul style="list-style-type: none"> ○ application granted and payment completed on time – no further action ○ application rejected or payment not completed – go to stage 2 • Do nothing – go to stage 2 • Nominate other driver (motor vehicle offence): <ul style="list-style-type: none"> ○ agency has 12 months to act against other driver ○ if agency cancels nomination, it may recommence action within six months of cancellation – go to stage 3 • Take matter to Magistrates' Court
2 Penalty Reminder notice (Penalty, extra costs)	28 days	<ul style="list-style-type: none"> • Pay penalty and costs: <ul style="list-style-type: none"> ○ payment completed on time – no further action ○ payment not completed – go to stage 3 • Ask agency to waive the fine: <ul style="list-style-type: none"> ○ application granted – no further action ○ application rejected – either pay the penalty within 14 days of receiving notice of this decision, or go to stage 3 • Ask for more time to pay or payment by instalments: <ul style="list-style-type: none"> ○ application granted and payment completed on time – no further action ○ application rejected or payment not completed – go to stage 3 • Do nothing – go to stage 3 • Nominate other driver: <ul style="list-style-type: none"> ○ agency has 12 months to act against other driver ○ if agency cancels nomination, it may recommence action within six months of cancellation – go to stage 3 • Take matter to Magistrates' Court
3 Registration with Infringements Court – notice of enforcement order (Penalty and costs, further costs added)	28 days	<ul style="list-style-type: none"> • Pay penalty and all added costs: <ul style="list-style-type: none"> ○ payment completed on time – no further action ○ payment not completed – go to stage 4 • Ask Infringements Court for extension of time to pay, variation of costs and/or payment by instalments: <ul style="list-style-type: none"> ○ application granted and payment completed on time – no further action ○ application rejected or payment not completed – go to stage 4 • Do nothing – go to stage 4 • Apply to Infringements Court for <i>revocation</i> of enforcement order: <ul style="list-style-type: none"> ○ revocation granted and <i>infringement notice</i> withdrawn by agency – no further action ○ revocation granted but notice not withdrawn – matter referred to Magistrates' Court ○ revocation not granted – <i>appeal</i> decision or go to stage 4

4 Infringement warrant – notice of seizure of assets	7 days	<ul style="list-style-type: none"> • Pay penalty and all added costs: <ul style="list-style-type: none"> ○ payment completed on time – no further action ○ payment not completed – go to stage 5 • Ask Infringements Court for extension of time to pay, variation of costs and/or payment by instalments: <ul style="list-style-type: none"> ○ application granted and payment completed on time – no further action ○ application rejected or payment not completed – go to stage 5 • Do nothing – go to stage 5 • Apply to Infringements Court within 7 days for revocation of enforcement order: <ul style="list-style-type: none"> ○ revocation granted and infringement notice withdrawn by agency – no further action ○ revocation granted but notice not withdrawn – matter referred to Magistrates’ Court ○ revocation not granted – appeal decision or go to stage 5
5 Execution of warrant: infringement action	Immediate	<ul style="list-style-type: none"> • Pay penalty and all added costs before seizure: <ul style="list-style-type: none"> ○ payment completed – no further action • Allow goods to be seized and sold by auction: <ul style="list-style-type: none"> ○ proceeds from sale enough to settle <i>debt</i> – no further action ○ no assets or proceeds from sale not enough to settle debt – go to stage 6 • Other enforcement measures including: <ul style="list-style-type: none"> ○ detention, immobilisation and sale of motor vehicles ○ suspension of drivers’ licence and registration of motor vehicle or trailer ○ attachment of earning and debt orders charges over and sale of real property ○ charges over and sale of real property
6 Arrest	Immediate or after asset sale	<ul style="list-style-type: none"> • If eligible, agree to conditions of CWP (intensively supervised community work): <ul style="list-style-type: none"> ○ complete CWP to settle debt ○ breach conditions of CWP – go to Magistrates’ Court • If ineligible for, or not willing to accept CWP, appear in Magistrates’ Court <ul style="list-style-type: none"> ○ sentenced in Magistrates’ Court under section 160 of the Infringements Act.

Source: <http://www.lawhandbook.org.au/handbook/ch04s04s03.php>

Appendix 4 – Costing of proposed non-fee regulations

The purpose of Appendix 4 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 unquantifiable¹⁴¹ or negligible incremental costs relative to the base case.

A4.1 Incremental costs of Option A1 (the proposed regulations)

A4.1.1 Incremental cost of statement of financial circumstances – proposed regulation 22

Under proposed regulation 22 there would be costs to offenders in providing the prescribed details, in a statement of financial circumstances some of which might not be readily available to the offender. These details would be necessary for the infringements registrar to make a payment orders, attach an earnings order or debts order and only where sufficient information has not already been provided. For the purpose of estimation, a proxy value of the number of payment order applications in 2013-14 is used together with the percentage of incomplete applications. The assumptions used for estimation are shown below:

Assumptions for costing	
Payment order applications granted 2013-14 ¹⁴²	34,155
Percentage of times that applications do not have sufficient information ¹⁴³	5%
Estimated time required to fill in statement (Hours)	2
Victorian average weekly earnings full time adult ¹⁴⁴	\$1,446.80
Annual salary	\$75,234
Hourly charge out rate	\$75.26

Based on the aforementioned assumptions the estimated incremental cost of proposed regulation 22 is given as *\$0.26 million per annum* or ***\$0.37 million over 18 months*** in present value dollars¹⁴⁵, as shown in Table A4.1.

Table A4.1: Estimated cost of providing statements of financial circumstances – proposed regulation 22

Cost imposed on	Average annual number of statements required (a) = 34,155 x 5%	Annual costs (b) = (a) x \$75.26	18-month cost (c) = (b) x 10	18 month PV cost
Offenders	1,708	\$257,063	\$385,595	\$366,011
Total	1,708	\$257,063	\$385,595	\$366,011

¹⁴¹ Unquantifiable incremental costs are discussed in Part A4.1.3 and A4.1.4 in Appendix 4.

¹⁴² Data provided by the Infringements Court and estimated as the number of applications received less the number that are rejected (i.e. 46,760 less 12,605 in 2013-14).

¹⁴³ Data provided by the Infringements Court and relates to incomplete information for payment orders.

¹⁴⁴ ABS, Average Weekly Earnings Australia, Catalogue 6302.0.

¹⁴⁵ All present value calculations are made using a real discount rate of 4%.

A4.1.2 Serving attachment of earnings orders and attachment of debts orders – proposed regulations 25, 26, and 28

If an offender fails to pay the infringement penalty and prescribed costs or take a course of action such as apply for revocation – enforcement action is taken against them, which *may* include an attachment of earnings or an attachment of debts order. Under proposed regulations 25, 26 and 28 there would be costs to government in *servicing* an attachment to the offender in the case of discharge, variation or suspension of an earnings order (proposed regulation 25), the cessation of an earnings order (proposed regulation 26) or discharge, variation or suspension of attachment of a debt order (proposed regulation 28). However, IMES has advised that although there is power to use this form of sanction, there has never been an application of this sanction and therefore for the purpose of this RIS the incremental costs of these proposed regulations are assumed to be nil.

A4.1.3 Unquantifiable minor cost to offenders in not being able to choose what type of community work they undertake and needing to comply with conditions – proposed regulations 40 and 41

In the case of an arrest of an offender under an infringement warrant by a Sheriff's Officer, the offender may be offered a Community Work Permit 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 2013-14 there were 1,641 CWPs issued¹⁴⁶. Proposed regulation 40, would prescribe what type community work may be undertaken, and in this way, would 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 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 41, the offender would need to comply with conditions of the 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.

¹⁴⁶ Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14.

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 conditions of the CW) 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.

A4.1.4 Quantifiable minor cost of withdrawal of official warnings for offenders – proposed regulation 7

Under proposed regulation 7 there would be a cost to an offender with an enforcement agency being able to withdraw official warnings (and reinstate infringement notices) up to 6 months later. Between 2011-12 and 2013-14 there were an average of only six withdrawals of official warnings per annum for traffic offences (i.e. issued by Victoria Police). On the other hand with respect to local councils, government enforcement agencies, and industry regulation enforcement agencies there were an average of 1,029, 4 and 226 withdrawals of official warnings per annum, respectively over the same period (an average of 1,264 withdrawals per annum in total). Given that the value of the infringement fines that would have been reinstated is unknown this cost is difficult to quantify. However an assumption is made with respect to the infringement fines considering the lowest possible amounts for each of the categories of enforcement agencies identified in this withdrawal process given the fact that the initial response was a ‘warning’.

Based on these assumptions the estimated incremental cost of proposed regulation 7 for offenders is given as *\$0.13 million per annum* or ***\$0.19 million over 18 months*** in present value dollars¹⁴⁷.

Table A4.2: Estimated cost of withdrawals of formal warnings to offenders – proposed regulation 7

Source of warning	Average annual number of withdrawals of official warnings ¹⁴⁸ (d)	Value of infringement fine ¹⁴⁹ (e)	Annual costs (f) = (d) x (e)	18-month cost (g) = (f) x 10	18-month PV cost
Traffic	6	\$157	\$890	\$1,335	\$1,267
Council issued	1029	\$75	\$77,150	\$115,725	\$109,847
Gov't agency	4	\$76	\$304	\$456	\$433
Industry regulator	226	\$234	\$52,884	\$79,326	\$75,297
Total	1264		\$131,228	\$196,842	\$186,844

¹⁴⁷ All present value calculations are made using a real discount rate of 4%.

¹⁴⁸ See: Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14 for source of estimates.

¹⁴⁹ Value of fines represents traffic fine (for speeding up to and not more than 13km per annum) \$157, parking fine \$75, fine for failing to vote \$76 and fine for littering \$234.

Appendix 5 – 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 *Fine Regulation 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, for which the prescribed fee is \$65, 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. These fees are higher than the proposed equivalent Victorian fee of \$34.02. 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.

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 \$63 registration fee (equivalent to a Victorian lodgement 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 \$105.45 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

finer 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 \$52.00 and the expiation enforcement warning notice fee (equivalent to a lodgement fee) is also \$52. The enforcement determination fee (equivalent to an enforcement order fee) is \$18.40. For amounts unpaid or unrecovered for more than certain period, the prescribed amount is \$268.00 (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 issued with an additional fee of \$77. This allows enforcement sanctions (similar to those in VIC, QLD, WA and SA) to be imposed. The enforcement warrant fee is \$154.

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 \$16.40. 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 \$13.95. The fee for registering an infringement notice with the Registry (also imposed when the notice is registered) is \$52.00. 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 \$34.60. The fee for issuing an enforcement warrant (imposed when the warrant is issued) is \$163.00.

Summary

Table A5.1 makes an interstate comparison of equivalent fees to those proposed for Victoria. Table A5.1 shows that Victoria's proposed fees for PRNs are lower than SA but slightly higher than WA. Victoria's proposed lodgement fees are slightly higher than those in other states, but the enforcement order 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 A5.1 – Interstate comparison of infringement enforcement fees

Fee	VIC	NSW	QLD	SA	TAS	WA
PRN	\$21.47	\$0	\$0	\$52	\$0	\$16.40
Lodgement	\$65.11	\$0	\$63	\$52	\$0	\$52
Enforcement order	\$34.02	\$65 or \$40	\$105.45	\$18.40	\$77	\$34.60
Warrant issue	\$57.65	\$0	\$0	\$268	\$154	\$163

Appendix 6 – Consequences under the base case

Appendix 6 establishes the potential consequences under the base case including the potential burden on courts and enforcement agencies if agencies and lodged offences were not prescribed by regulations and is for illustration purposes.

A6.1 Traffic/road safety consequences under the base case – nature and extent of the problem

A reduction in road safety resulting from an ineffectual infringement fines enforcement system, with increases in speeding, running red lights, and mobile phone use, would be likely to have serious consequences, including increase deaths and injuries on the roads.

A6.1.1 Fatalities

With regard to fatalities, a distribution of road users over a five-year annual average of 269 road fatalities (2010-15) is broken down in Table A6.1.

Table A6.1 – Distribution of road user fatalities, (annual average 2010-15)¹⁵⁰

Road user	Average annual fatalities 2010-15	% of 269 fatalities
Bicyclist	7	2.52%
Driver	127	45.68%
Motorcyclist	41	14.75%
Passenger	53	19.06%
Pedestrian	41	14.75%
Total	269	100.00%

According to the Transport Accident Commission, speed has been one of the major factors contributing to accidents on Victoria's roads and since 2008, with 29 per cent of all fatalities having involved excessive or inappropriate speed.¹⁵¹ In terms of running red lights, the likelihood of a dangerous manoeuvre during a full-red interval with a crash potential is around 0.021 per cent or 8 in 38,000 vehicles.¹⁵² Moreover, 3 out of 340 serious casualty crashes (0.9 per cent) studied by the Monash University Accident Research Centre (MUARC) and Australia National University (ANU) showed evidence of in-vehicle distraction in relation to using mobile phones.¹⁵³

The rolling 12-month total of road fatalities in March 2015 was 250, representing 4.26 *fatalities per 100,000 population*. In contrast, in 1970 there were 1,061 road

¹⁵⁰ Source: TAC, Road Safety Statistical Summary, March 2015.

¹⁵¹ <http://www.tac.vic.gov.au/road-safety/statistics/summaries/speed-statistics> (accessed 20 June 2015).

¹⁵² Based on a study of three main intersections by the Monash University Accident Research Centre (MUARC) (see Monash University Accident Research Centre, Report No.73 prepared for VicRoads July, 1995).

¹⁵³ Beanland, V, Fitzharris, M, Young, K.L, Lenné, M.G, Driver inattention and driver distraction in serious casualty crashes: Data from the Australian National Crash In-depth Study *Accident Analysis & Prevention*, Volume 54, May 2013, Pages 99-107.

fatalities¹⁵⁴ or *30.8 fatalities per 100,000 population*¹⁵⁵. This turnaround in road fatalities is due to a combination of initiatives. These initiatives include “improvements to roads and vehicles, enactment of road safety legislation, intensive public education, and enhanced police enforcement aided by improved enforcement technology.”¹⁵⁶

One of the counterfactual base case problems/consequences of an absence of an effective infringement fine enforcement system is an increase in fatalities per 100,000 population above the 4.26 level. Given that a number of other factors besides improved enforcement and enforcement technologies, as discussed in the paragraph above, have also reduced fatalities, a *highly conservative increase of only one per cent* is considered in relation to increased fatalities per 100,000 under the base case. That is to say, fatalities per 100,000 population are considered to increase from 4.26 to 4.3 under the base case in the absence of an effective infringement enforcement system.

The number of fatalities over 10 years between 2016-17 and 2025-26 is estimated using population projections (as shown in Table A6.2) derived using the animated population pyramid of the Australian Bureau of Statistics¹⁵⁷.

Table A6.2: The estimated cost of additional road user fatalities to society under the base case (2016-17 to mid 2017-18) in 2016 dollars (\$ millions).

Year	2016-17	2017-18 (half a year)	Total
Projected Victorian Population (millions)	6.04	6.15	
Projected additional Road user fatalities	2.6	1.3	3.88
Present value of statistical life¹⁵⁸ (\$ million)	\$10	\$5.3	\$13.67

The cost of the additional risk of a road fatality to society under the base case is estimated by using the concept used in economic theory of a Value of Statistical Life (VSL). VSL represents how much society is (hypothetically) willing to pay to reduce the risk of death or, in other words, the financial value society places on reducing the average number of deaths by one¹⁵⁹. The value of statistical life as at March 2015 is estimated to be \$4,236,633¹⁶⁰. The estimated cost of 3.88 additional road user fatalities to society under the base case over 18 months is **\$15.81 million** in present value dollars.

A6.1.2 Serious Injuries

With regard to serious injuries, in the five years leading up to 2014, there were an average of 5,636 road use injuries (acute hospital admissions within seven days of the road crash) per annum of which 883 were serious injuries (acute hospitalisations)¹⁶¹.

¹⁵⁴ Federal Office of Road Safety, Monograph 23, 1998.

¹⁵⁵ Department of Transport, Office of Road Safety, Road Traffic Accident Data And Rates: Australia, States And Territories 1925 To 1981, Canberra 1984.

¹⁵⁶ Federal Office of Road Safety, Monograph 23, 1998, p.2.

¹⁵⁷ See <http://www.abs.gov.au/websitedbs/d3310114.nsf/home/population%20pyramid%20preview> (accessed June 21).

¹⁵⁸ Discounted using a 4% real discount rate.

¹⁵⁹ For example if a policy measure were to reduce deaths by 1 in 100,000 people affected and the 100,000 people were on average willing to pay \$10 for the policy measure then the VSL would be \$10 x 100,000 people affected = \$1,000,000.

¹⁶⁰ Equal to the \$3.5m estimate in 2007 provided by OBPR adjusted using CPI indices for June 2007 and March 2015 of 87.9 and 106.4, respectively.

¹⁶¹ TAC, Road Safety Statistical Summary, March 2015.

Of the 883 serious injuries, about 100 are deemed to be ‘catastrophic’ with no recovery expected and another group, approximately several hundred per annum, appear to physically recover, however suffer from ongoing mental health issues such as depression. Factors that can play a role in injury occurrence are highlighted in the Haddon Matrix in Figure A6.1 and again include the role of enforcement including enforcement of infringement fines in changing road user behaviour.

Figure A6.1: Haddon Matrix: phase of injury and factors in injury occurrence¹⁶²

Phase		Factors		
		Human	Vehicle equipment	Environment
Pre-crash	Crash Prevention	<ul style="list-style-type: none"> • Information • Attitude • Impairment • Police enforcement 	<ul style="list-style-type: none"> • Roadworthiness • Lighting • Braking • Handling • Speed management 	<ul style="list-style-type: none"> • Road design and road layout • Speed limits • Pedestrian facilities

The cost per hospitalised and non-hospitalised persons with respect to road crashes is estimated to be \$327,632 and \$18,156, respectively¹⁶³. Assuming a *conservative one per cent increase in road use injuries* (both hospital admissions and acute hospitalisations) in the absence of an effective infringement enforcement system, then under the base case the total number of non-serious and serious injuries per annum would increase by 48 and 9, respectively. The annual cost of non-serious and serious injuries under the base case *not including the ongoing costs of supporting catastrophic injuries or mental illness* would therefore be \$862,949 and \$2,892,978, respectively, per annum. Over 18 months this total cost of injury is estimated to be **\$5.35 million** in present value dollars.

A6.2 Parking consequences under the base case – nature and extent of the problem

A less effective infringement management system around parking infringements would cause chaos and considerable inconvenience to motor vehicle drivers (congestion), particularly in relation to clearways. The annual social costs of congestion around vehicle travel in metropolitan Melbourne in 2015 including: estimated aggregate costs of delay, trip variability, vehicle operating expenses and motor vehicle emissions have been estimated to be \$2.686 billion.¹⁶⁴

This issue is most relevant for metropolitan Melbourne representing 84.9 per cent of all 1,689,271 parking infringements issued in 2013-14¹⁶⁵. Melbourne City Council represents around 23.8 per cent of all parking infringements issued (i.e. 401,987

¹⁶² Source: Transport Accident Commission, Submission to the Road Safety Committee of the Victorian Parliament: Inquiry into serious injury, May 2013 (TAC).

¹⁶³ Based on June 2006 costs provided by the TAC adjusted using CPI indices for June 2006 and March 2015 of 86.2 and 106.4, respectively (see Transport Accident Commission, Submission to the Road Safety Committee of the Victorian Parliament: Inquiry into serious injury, May 2013 (TAC)).

¹⁶⁴ Bureau of Transport and Regional Economics [BTRE], 2007, Estimating urban traffic and congestion cost trends for Australian cities, Working paper 71, BTRE, Canberra ACT.

¹⁶⁵ Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14.

parking infringements).¹⁶⁶ It is estimated that up to an additional 20 per cent¹⁶⁷ of infringements (i.e. 143,426 metro incidents) per annum would contribute to congestion costs under the base case. The number of vehicles travelling in Melbourne's CBD are estimated to be 850,000 per day with around two thirds of visitors taking public transport¹⁶⁸. Based on these numbers, the approximate number of vehicles travelling into Melbourne's CBD per annum is estimated to be 103,416,667 (i.e. one third of 850,000 x 365 days). Taking the product of 'annual social cost of congestion' (\$2.686 billion) and the ratio of 'expected increase in number of matters adding to congestion' (up to 143,426 incidents) to total vehicles travelling into Melbourne's CBD per annum (103,416,667) would result in an increase in the annual estimated cost of congestion of \$3,726,082 under the base case. Over 18 months and in present value dollars congestion costs would be approximately **\$5.31 million**.

Less effective enforcement of parking infringements would also restrict people from visiting relatives and friends in hospitals and disrupt staff and students who attend universities by car. During 2013-14, universities and hospitals issued 38,635 and 7,029 parking infringements, respectively¹⁶⁹. Disruption costs for hospitals and universities are estimated as an average disruption of one hour of time for up to 10 per cent of parking infringements issued for these two enforcement agency categories. An hourly rate based on average annual earnings (full time, adult, total earnings) of \$75,304 and an hourly charge rate of \$75.33¹⁷⁰ is used to capture the time cost of people visiting hospitals and university staff. An hourly charge out rate for university students of \$34.18¹⁷¹ is based on the minimum part time wage of \$17,082 assuming 17.5 hours of work per week. Moreover, for the purpose of estimating disruption costs in relation to university parking, the ratio of staff to students of is estimated using the ratio of 100,000 staff to 1,000,000 students across Australia (i.e. 0.1:1)¹⁷². The annual costs for visitors, staff and students at hospitals and universities is therefore conservatively estimated to be \$200,899 per annum or **\$0.29 million** over 18 months in present value dollars. Less effective enforcement of parking infringements would also result in some financial losses to shopping centres, however this consequence remains unquantifiable. A reduction in parking availability would also be likely to increase pressure on public transport (where it is available as an alternative to private vehicles) resulting in potential overcrowding of trains and buses.

A6.3 Public transport consequences under the base case – nature and extent of the problem

Around 4.07% of infringements or 203,013 infringements occurred on public transport in 2013-14. In 2011-12 63.88% of 206,913 infringements issued were for failing to have

¹⁶⁶ Data provided by IMES from AG reporting database.

¹⁶⁷ It is assumed that the compliance in terms of payment of infringement fines would be reflective of the current overall compliance rate of 80 per cent (including those that pay at the penalty reminder notice stage).

¹⁶⁸ The Age, 16 April 2015.

¹⁶⁹ Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14.

¹⁷⁰ Includes on-cost and overhead cost multipliers.

¹⁷¹ Includes on-cost and overhead cost multipliers.

¹⁷² See <https://www.universitiesaustralia.edu.au/australias-universities/key-facts-and-data#.VZdHvxOqqko> (accessed 4 July 2015).

a valid ticket or evidence of concession and 8.5% were for having feet on seats¹⁷³. Under the base case, there would be up to around 40,602 additional public transport offences per annum. However, given that the nature and breakdown of public transport offences would be unknown, the cost of additional offences in this category under the base case remains non-monetisable.

A6.4 Other consequences under the base case – nature and extent of the problem

During 2013-14 139,877 infringements¹⁷⁴ were issued with respect to animal, electoral, environment and pollution, local law, trial consumer safety, industry regulation and marine offences, as well as ‘other’ non-identified offences. Under the base case there would be an increase in offences of up to 20 per cent of current infringements issued or approximately 27,975 additional offences per annum. These offences are broken up by category, as shown in Table A6.3 and with the largest expected to be in relation to animal/welfare offences. The cost of additional offences under the base case remains non-monetisable as social benefits around promoting animal welfare and consumer rights and reducing voter apathy remain intangible.

Table A6.3: The estimated additional number of annual offences under the base case (Excluding traffic/parking/public transport)¹⁷⁵

Category of offence	Expected change under the base case
Animal	7,025
Electoral	5,633
Environment & Pollution	4,669
Local law	3,239
Trial offence	2,109
Consumer safety & industry regulation	879
Marine	484
Other	3,936
Total	27,975

A6.5 Burden on courts and enforcement agencies

Under the base case, offenders receiving infringement notices would be charged and receive a summons to go to court under the **Criminal Procedure Act 2009** to face the enforcement agency prosecutor. However, it has been noted that the Victorian court system would break down if all traffic and parking offence resulted in a court

¹⁷³ Saunders. B., Eriksson. A, Lansdell. G., and Brown, M, (February, 2013), “An Examination of the Impact of Unpaid Infringement Notices on Disadvantaged Groups and the Criminal Justice System – Towards a Best Practice Model”, Criminal Justice Consortium, Monash University.

¹⁷⁴ There were also an additional 34,432 infringements issued for excessive speed, drink and drug driving however these offences are covered by additional penalties including demerit points and loss of licence notwithstanding the efficiency of the infringement management system.

¹⁷⁵ Source: Department of Justice & Regulation, Infringement Management Enforcement Services, Annual Report on the infringements system 2013-14, p.24.

appearance.¹⁷⁶ For the purpose of estimating the nature and extent of the problem under the base case with a lack of an effective infringement enforcement system the costs of running additional court appearances are estimated below, both for the Magistrates' court and enforcement agencies.

A6.5.1 Magistrates' court costs under the base case – the nature and extent of the problem

Under the base case and in the absence of an effective infringement enforcement system, the proportion of Magistrates' Court time devoted to minor criminal offences would increase.

Currently there is a high level of compliance with 80 per cent of infringement fines paid within 28 days or after a penalty reminder notice has been sent out. Noting that there were 1,856,551 penalty reminder notices issued on average over a three-year period between 2011-12 and 2013-14, it is assumed that under the base case that these offenders would no longer receive a penalty reminder notice. Instead, offenders would receive a summons to go directly to court for failing to pay their infringement fines within 28 days.

However it is assumed that the compliance in terms of payment of infringement fines would be reflective of the current overall compliance rate of 80 per cent (including those that pay at the penalty reminder notice stage) as offenders would not otherwise be willing to incur court costs. This would leave 20 per cent of the average annual number of infringement fines issued of 5,199,006, estimated over three years 2011-12 to 2013-14¹⁷⁷. This would equal approximately 1,039,801, less an average 59,387 court elections between 2011-12 and 2013-14¹⁷⁸, resulting in 980,414 additional adjudications required in the Magistrates' Court under the base case per annum.

The total number of cases finalised in the Magistrates' Court of Victoria in 2013-14 for criminal and civil matters was 237,452 and 54,686 respectively, with an annual cost of \$114,024,677¹⁷⁹. Assuming that criminal matters represent not only 81.28 per cent of cases but also 81.28 per cent of costs then the annual cost of criminal cases in 2013-14 is estimated to be \$92,680,129. Under the base case the number of criminal finalisations would increase by 980,414 per annum – an increase of 412.89 per cent resulting in an increase in Magistrates' court costs by an estimated \$382,666,454 per annum. Over 18 months years this would be approximately **\$544.85 million** in present value dollars. Importantly, this estimate does not include additional capital costs that would be required to increase capacity in the open court system to deal with enforcement of additional matters under the base case. Nor does it include the time delays inherent in suddenly scaling up and almost tripling the capacity of an existing system in terms of recruiting and training additional staff.

¹⁷⁶ 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.

¹⁷⁷ Data provided by Department of Justice and Regulation.

¹⁷⁸ Data provided by Department of Justice and Regulation.

¹⁷⁹ The Magistrates' Court of Victoria, Annual Report 2013/14.

A6.5.2 Enforcement agency court costs under the base case – the nature and extent of the problem

Assuming that there are 980,414 additional criminal matters pursued under the **Criminal Procedure Act 2009** by the enforcement agency prosecutor, then the cost to councils is estimated using the current cost of pursuing a court election, which for councils is around \$274.60 per matter¹⁸⁰. This cost would be relevant to 404,421 non-traffic/tolling cases or 41.43 per cent of criminal matters, as shown in Table 2 of this RIS. Court prosecution would result in an additional estimated \$52,391,149 of cost to councils and other enforcement agencies per annum under the base case.

The balance of 980,414 of traffic and tolling infringements or 575,993 infringements reflect 58.57 per cent of total infringements, as shown in Table 2 of this RIS and related court costs would be incurred by the Traffic Camera Office (TCO) division of the Victoria Police¹⁸¹. This percentage is broken up into tolling (i.e. 25.5 per cent with an average court election cost of \$56.03), fixed and mobile camera (i.e. 22.21 per cent with an average court election cost of \$152.93) and member issued (i.e. 11.04 per cent with an average court election cost of \$8.30¹⁸²). The additional estimated court costs for the TCO would be a weighted amount of \$48,205,275 per annum, not including prosecution costs for member issued infringements.

Total quantifiable court costs per annum for enforcement agencies would increase by **\$227.45 million** over 18 months in present value dollars under the base case with a less effective and inoperable infringement enforcement system.

Finally, a summary of all costs associated with the non-fee problem of having an inoperable infringements system is summarised in Table A6.4 and estimated to be \$550.84 million per annum or **\$799.05 million** over 18 months in present value dollars.

Table A6.4: Summary of all additional quantifiable costs of an inoperable infringements system over 18 months

Nature of annual cost	Cost imposed on	Annual/ Annualised cost (\$m)	18-month present value of cost (\$m)
Estimated 980,414 more adjudications required per annum	Magistrates' Courts	\$382.67	\$544.85
Estimated 404,421 more cases to be prosecuted per annum	Enforcement agencies not including TCO	\$111.54	\$158.81
Estimated 575,993 more cases to be prosecuted per annum not including prosecution cases for member issued infringements	Traffic Camera Office of Victoria Police	\$48.21	\$68.64
Estimated 3 more road fatalities per annum	Road users	\$1.37	\$15.81
Estimated 48 more non serious road injuries per annum	Road users	\$0.86	\$1.23

¹⁸⁰ See Table A1.12 of Appendix 1 for source of estimate.

¹⁸¹ TCO handles court elections for tolling, mobile and fixed camera and member issued infringement notices.

¹⁸² See Tables A1.13 and A1.14 of Appendix 1 for source of estimates. Member issued court elections are only processed administratively by the TCO.

Nature of annual cost	Cost imposed on	Annual/ Annualised cost (\$m)	18-month present value of cost (\$m)
Estimated 9 more serious road injuries per annum (not including the ongoing costs of supporting catastrophic injuries or mental illness)	Road users	\$2.89	\$4.12
Estimated 143,426 traffic congestion incidents per annum	Road users/ workers/consumers /residents in the CBD	\$3.73	\$5.31
Estimated 703 more staff and visitors disrupted by lack of parking per annum	Visitors and staff at hospitals	\$0.05	\$0.08
Estimated 3,477 students disrupted by lack of parking per annum	University students	\$0.12	\$0.17
Estimated 386 staff disrupted by lack of parking per annum	University staff	\$0.03	\$0.04
Total cost		\$551.46	\$799.05