

Regulatory Impact Statement

Working with Children Amendment (Fees) Regulations 2012

Department of Justice

Department of Justice

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Regulatory Impact Statement 2012

Consultation period

This Regulatory Impact Statement (RIS) has been prepared to fulfil the requirements of the **Subordinate Legislation Act 1994** and to facilitate public consultation on the proposed amendments to the current Working with Children 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 12 November 2012 to:

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or emailed to:

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Please clearly identify that your comments or submission relate to the *Working with Children Regulations* in the email subject line.

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

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Glossary

Fee units	Fee units are defined under the <i>Monetary Units Act 2004</i> . For 2012-13 the value of a fee unit is prescribed to be \$12.53.
the current Regulations	Working with Children Regulations 2006
the department	Department of Justice
Guidelines	Victoria's Cost Recovery Guidelines (issued by the Department of Treasury and Finance)
Premier's Guidelines	<i>Subordinate Legislation Act 1994</i> Guidelines
the proposed Regulations	Working with Children Amendment (Fees) Regulations 2012
Renewal	a subsequent application for a Working with Children Check that is lodged prior to the expiration (after five years) of an earlier Working with Children Check
Replacement Card	Replacement of a WWC Check card (lost, stolen, damaged or change of name) during a period when the assessment notice is still valid
RIS	Regulatory Impact Statement
the Secretary	The Secretary to the Department of Justice
VCEC	Victorian Competition and Efficiency Commission
VGR	Victorian Guide to Regulation (Department of Treasury and Finance)
the WWC Act	<i>Working with Children Act 2005</i> (the principal Act)
WWC Check	Working with Children Check
WWC Check Unit	Working with Children Check Unit

1 Executive Summary

Regulatory Impact Statement

This Regulatory Impact Statement (RIS) assesses proposed amendments to the Working with Children Regulations 2006. These regulations exist under the *Working with Children Act 2005* (the WWC Act). The purpose of the WWC Act is to assist in protecting children from harm by ensuring that people who work with, or care for them have their suitability to do so checked by a government body. This requires volunteers and employees intending to work with children to undergo a national criminal record check and screening process in order to obtain a Working with Children (WWC) Check. The current Regulations prescribe the application fees and make provisions for these fees to be waived, reduced and refunded. The proposed Regulations revoke regulations 4 and 5 which became redundant as a result of amendments to the WWC Act in 2010, and amend the fees for WWC Check applications. As these fee changes are expected to recover additional revenue of more than \$500,000 per year, a RIS assessment is required¹. The proposed changes to the fee structure are the focus of this RIS.

By assessing the impact of proposed amendments to the current Regulations, this RIS will assist to identify and ensure that the most efficient form of government intervention is implemented. This RIS formally assesses the regulatory proposal against the requirements of the *Subordinate Legislation Act 1994* and *Victorian Guide to Regulation (VGR)* by:

- ◆ examining the problem to be addressed by the proposed Regulations
- ◆ clarifying the desired objectives of the proposed Regulations
- ◆ identifying options for achieving the desired regulatory objectives
- ◆ assessing the costs and benefits of the options
- ◆ identifying the preferred option and its expected impacts
- ◆ assessing the impact of the proposed Regulations on small business and competition
- ◆ considering implementation and enforcement issues, and
- ◆ detailing planned and completed consultation processes.

Review of the Regulations

The current statutory rules supporting the WWC Act were introduced in 2006. As regulations in Victoria expire after ten years, the Working with Children Regulations 2006 would typically have been subject to review in 2016. However, as the WWC Check scheme was new when introduced in 2005-06, a number of assumptions were made about the expected demand for, and cost of administering the Regulations.

The WWC Check scheme has now been in place for over six years and the costs of administering the scheme are higher than originally estimated. As such, it is considered appropriate to review the level of cost recovery of the fees, the efficiency of the processes for which fees are recovered and the level of subsidisation inherent in the scheme.

Objectives

The RIS does not seek to examine the costs and benefits of the entire WWC Check scheme. The scope of this RIS, in line with the regulatory objectives of the proposed amendments to the Regulations, is to efficiently and equitably recover the costs of administering and enforcing WWC Checks for people engaged in child-related work for profit or gain (employees). The RIS does not explore any changes to fee settings for volunteers.

Guidelines and principles for recovering efficient costs of administering regulatory systems are set out in the Victorian Government's *Cost Recovery Guidelines* (the Guidelines). The Guidelines highlight that, where possible, regulatory fees should be set to fully recover costs to ensure both efficiency and equity objectives are met, particularly where the fee reflects a service or benefit that is fully captured by

¹ Government of Victoria, 2011, *Victorian Guide to Regulation*, Department of Treasury and Finance, Melbourne, p. 54.

the individual paying the fee². For example, the private benefits enjoyed by employees assessed as 'suitable' to work with children include the net income they obtain from their occupation and the non-monetary benefits they enjoy from working with children.

The Problem to be addressed

Currently, the fee charged for a person seeking a WWC Check to undertake child-related work for profit or gain is set at 6.51 fee units under the Regulations (the equivalent of \$79.60 in 2011-12 and \$81.60 in 2012-13)³. When the fee was originally set in 2006, it was expected that the costs of the WWC Check for employees would be fully recovered, however, based on detailed estimates of the costs of processing each employee application, this has not occurred. In 2011-12, when the WWC Check fee for employees was \$79.60, the average unit cost of processing a WWC Check was closer to \$119.75 for a new application and \$104 for a renewal⁴. Therefore, the current costs of processing an application are being under-recovered by approximately \$40 per new employee application and \$24 per renewal. In 2011-12, under-recovery of these costs was close to \$2.6 million⁵. Based on the forecast number of new employee applications and renewals for the period 2012-13 to 2015-16, the estimated shortfall over the remaining life of the Regulations is \$7.5 million.

This under-recovery of costs largely stems from particular direct costs incurred in processing a WWC Check. The best market rate for application capture and card production services are four times the amount originally forecast for employee applications and twice that forecast for renewal applications. The lower rate for renewal applications was made possible by the department streamlining some aspects of the application process for people who already hold a WWC Check. This included a simplified application form and proof of identity documentation requirements.

Options considered in this RIS

The options presented in this RIS focus on an alternative fee structure for employee applicants to the WWC Check scheme, with an emphasis on achieving full-cost recovery. The objective is to create a more financially sustainable scheme in which subsidies are lowered, but costs to applicants remain at a reasonable level when compared with other Australian jurisdictions.

Options considered for addressing the problem of the under-recovery of costs associated with processing employee applications are:

Option 1: Full cost recovery for employees with a single fee for new applications and renewals

Option 2: Full cost recovery for employees with separate fees for new applications and renewals

Fees for new applications, renewals and replacement WWC Checks associated with each of the options examined in this RIS are outlined in Table 1:

Table 1: Comparison of fees under the current Regulations and each of the options

Employee Fees (2012-13)			
	New	Renewal	Replacement
Current Regulations (Base Case)	\$81.60	\$81.60	\$18.70
Option 1	\$100.24	\$100.24	\$12.53
Option 2	\$110.90	\$93.35	\$12.53

A comparison of the relative merits of each option was undertaken using Multi Criteria Analysis (MCA) which provides a structured, systematic and transparent framework for comparing options. This type of

² Department of Treasury and Finance, 2010, *Cost Recovery Guidelines*, Melbourne, p. 7.

³ The fee for a replacement employee card is set at 1.49 fee units (the equivalent of \$18.20 in 2011-12).

⁴ These estimates are detailed in figure 5 of Appendix 1.

⁵ Based on the number of employee applications and renewals processed in 2011-12.

analysis was deemed appropriate for this RIS as the preferred fee structure is intended to achieve objectives other than efficiency, namely equity.

The results of the MCA are outlined in Table 2 below.

Table 2: Results of Multi Criteria Analysis

	Equity (33%)	Efficiency (33%)	Effectiveness (33%)	Overall Score
Base Case	0	0	0	0
Option 1: Full cost recovery for employees (same fee for new and renewal applications)	+5	+10	0	5.0
Option 2: Full cost recovery for employees - separate fees for new and renewal applications	+6	+10	-2	4.6

Results summary

Options 1 and 2 both received positive scores and represent improvements on the base case (current Regulations). The trade-off between these options is between equity and administrative complexity. Imposing a single fee for new applications and renewals results in some cross-subsidisation between the two under Option 1, however applicants renewing in the next four years (who will face a fee slightly higher than the actual cost of processing a renewal) have already benefited from paying a lower fee (than full cost recovery) for their original application. Option 1 is simpler to administer as it replicates the current 'single fee' approach.

Under Option 2, the cross-subsidisation between new applicants and renewals is removed, however the greatest benefits (lower fees) accrue to employees submitting renewals who have already benefited from paying a lower fee (than full cost recovery) for their original WWC Check. Introducing a differential fee scheme introduces additional administrative complexity which may be reflected in increased 'application capture' contract costs for renewals.

Option 1 received the highest overall score, and is the preferred option for addressing the under-recovery of costs associated with processing employee applications. However it is clear that by 2016, when the majority of WWC Check holders who paid subsidised fees (as only 80 per cent of costs were recovered, the other 20 per cent were subsidised) during 2005-06 to 2011-12 will have completed the renewal process, there may be additional advantages of implementing Option 2.

Impacts of preferred option on affected stakeholders

This RIS finds that employee applications (new and renewals) for WWC Checks should be set on a full cost-recovery basis, which is consistent with the general government principle for fee-setting.

Implementing the preferred option requires increasing the application fee for WWC Checks required for child-related work that is for profit or gain (i.e. new and renewal employee applications); and decreasing the fee for employees requiring a replacement WWC Check card. The proposed amendments to these fees are set out in Table 3.

Table 3: Proposed amendments to the current regulations

Type of Application	Fee (2012-13)
Application (new and renewal) for a WWC Check in relation to child-related work for profit or gain.	\$100.24 (8 fee units)
Replacement of an employee WWC Check (lost, stolen, damaged or change of name) during a period when the assessment notice is still current (Note: replacement cards for volunteers will be free).	\$12.53 (1 fee unit)

The proportional changes in these fees are outlined in Table 4 below.

Table 4: Proportional changes in the fees

2012-13	Current fee	Proposed fee	change
Employee application	\$81.60	\$100.24	+23%
Replacement card	\$18.70	\$12.53	-33%

The proposed fees will recover costs totalling approximately \$43.0 million over four years, which is about 23 per cent more than current collections. Over the remaining four year life of the Regulations, the value of the proposed fee changes will be in the order of \$7.5 million.

The impact on employees of the proposed amendments to the Regulations will be the additional monetary cost associated with submitting a WWC Check application (or a renewal application). Based on the value of a fee unit for 2012-13, this additional cost is approximately \$19 per application. Given a WWC Check is valid for five years, this fee increase represents an outlay of around \$4 per annum, and is likely to have a very small impact on employees undertaking child-related work for profit or gain.

The reduction in the replacement card fee is the equivalent of 0.49 fee units. Based on the value of a fee unit in 2012-13, the reduction in the fee is approximately \$6 per replacement card. The change to this fee is expected to result in a reduction in revenue of at least \$0.1 million over four years.

Once the proposed amendments to the Regulations are implemented, a greater proportion of the costs of administering the WWC Check will be recovered and cross-subsidisation by the general taxpaying public will be reduced.

Effects on small business and competition

As the fees imposed under the proposed Regulations primarily affect individuals rather than businesses, any impact on small business is largely at their discretion (i.e. if they decide to reimburse employees for the additional cost of obtaining a WWC Check). The increased level of fees is not considered to impose a barrier to entry for employees working with children as the proposed fees (which cover the applicant for up to five years) represent a small proportion of the total income they could expect to earn over the same period.

Since the current fees were introduced in 2006, stakeholders have not raised concerns about their potential to restrict competition or disproportionately affect small businesses. This is most likely due to the fees being imposed on individuals rather than businesses or other organisations. As such, this RIS concludes that the proposed changes to the fees will not disproportionately affect small business, or restrict competition.

2 Introduction

2.1 Regulating individuals working with children

In 2005-06, the Victorian Government introduced a legislative framework for assessing the suitability of employees and volunteers to work with children. The WWC Check involves checking an individual's criminal record, and in relevant cases, information from professional disciplinary proceedings. An assessment that an individual is 'suitable' to work with children, is not a guarantee that a person is 'safe' but provides an indication that based on existing evidence/ records they are not unsuitable to work with children.

Prior to the introduction of the WWC Check scheme, similar background checks were undertaken only for individuals in specific occupational categories such as police, teachers and child care service providers. The introduction of the WWC Check scheme significantly expanded the scope of such screening, so that it applied to all people, including volunteers, involved in specific types of child-related work – typically work requiring regular direct contact with a child or group of children where that contact is not directly supervised.

The existing Working with Children legislative and regulatory framework consists of the:

- ◆ *Working with Children Act 2005*, and
- ◆ Working with Children Regulations 2006.

The WWC Act seeks to complement Victoria's existing child protection system by assessing the suitability of individuals to work with children in an effort to reduce the risk of children being exposed to sexual or physical harm. Whereas the existing child protection system aims to protect children and young people from significant harm occurring within the domestic or home environment, the WWC Check framework endeavours to improve the safety of children when they are participating in activities outside of the home.

The WWC Act sets out the requirements for applying for a WWC Check, establishes a process for screening an individual's suitability for child-related work, and provides for ongoing monitoring of suitability. It also sets out the assessment, appeals, withdrawal and revocation processes and outlines exemptions, offence and enforcement provisions.

The current Regulations outline specific requirements relating to the WWC Check application process. As such, the Regulations cover:

- ◆ application fees
- ◆ prescribed bodies and the types of findings they may make that could be relevant to the assessment of a WWC Check application, and
- ◆ prescribed persons under the WWC Act.

2.2 Requirement for a Regulatory Impact Statement

The *Subordinate Legislation Act 1994* (section 10) requires a RIS to be prepared for any proposed statutory rule or amendment likely to impose 'a significant economic or social burden on a sector of the public'.

The current Regulations are statutory rules as defined by the Subordinate Legislation Act. Key provisions of the Regulations impose fees on some WWC Check applicants, which constitute a significant economic burden. As the proposed changes to these Regulations involve changing these fees, a RIS must be prepared.

The purpose of a RIS is to ensure that any restrictions introduced by the Regulations are appropriate, and regulation is only implemented where there is a justifiable need. This is achieved by demonstrating that:

- ◆ a problem exists
- ◆ government action is justified, and

- ◆ regulation in the form of subordinate legislation is the best means to achieve the Government's objectives.

By assessing the costs and benefits of the proposed changes to the Regulations, and potential alternatives, the RIS process helps ensure the most efficient form of government intervention is implemented.

2.3 Scope of this Regulatory Impact Statement

Only those provisions of the proposed Regulations that impose a significant burden are assessed in detail in this RIS. Therefore, the key regulatory provisions examined relate to the fees for WWC Check applications, renewals and replacement cards (current regulation 7). The level of analysis provided is commensurate with the expected financial impact of the respective fees; as such the majority of the analysis in this RIS is dedicated to assessing the impact of changes in the fees for WWC applications, with less analysis of relatively smaller changes such as that proposed to the replacement card fee.

No changes are being proposed to the provisions of the current Regulations relating to the waiver, or refund of fees or to prescribed bodies and findings. Therefore, these aspects are not considered further in this RIS.

The proposed Regulations also revoke regulations 4 and 5 which became redundant as a result of amendments to the WWC Act in 2010. The *Working with Children Amendment Act 2010* amended section 10 of WWC Act to provide greater flexibility by no longer prescribing the WWC Check application form and the kinds of identifying information an applicant is required to provide when they apply for a WWC Check. Had these amendments not been made, people wanting to renew their WWC Check would have had to provide sufficient proof of identity documentation with a new application form as if they were applying for WWC Check for the first time.

3 Regulatory Impact Statement Process

3.1 Development

The process for developing this RIS was informed by the *Victorian Guide to Regulation (VGR)*. As this RIS proposes amendments to the current Regulations, particularly those regulations relating to fees, the *Guidelines for Setting Fees and User Charges* issued by the Department of Treasury and Finance was a key resource in the preparation of this RIS.

3.2 Assessment and consultation

Government regulatory activity typically imposes some costs/burdens on various parties in order to generate broader social benefits. As such, the Victorian Competition and Efficiency Commission (VCEC) is responsible for independently assessing any RIS to ensure that it adequately fulfils the requirement of the Subordinate Legislation Act and includes sufficient evidence of the likely costs and benefits of the Regulations for public consultation.

Prior to the introduction of the WWC Act, the Government engaged in extensive stakeholder consultations. This included releasing the Working with Children Bill 2005: Discussion Paper, which set out the key implications and issues associated with the proposed Regulations and called for public comment. Input from stakeholders on matters raised in the discussion paper informed the formulation of the WWC Act and the current Regulations. When the current Regulations commenced the costs of the WWC Check for employees were intended to be fully recovered from employee applicants.

The proposed Regulations are not expected to impact significantly on any particular sector of the community however some key stakeholders in the WWC Check were consulted during the drafting of the RIS. The Child Safety Commissioner is responsible for undertaking an annual review of the administration of the WWC Check, including recommendations for its improvement, and assisting in community education about the WWC Act as one of a range of child safe practices. As a key stakeholder in the WWC Check scheme, the Child Safety Commissioner was consulted during the drafting of this RIS as were major government stakeholders. Those consulted understood that the proposed Regulations did not go beyond the original intention of the current Regulations - that the costs of the WWC Check for employees be fully recovered from employee applicants.

In 2009, a review of the WWC Act was undertaken to ensure that the WWC Check scheme was continuing to meet its aims of providing a safer community for children, while not overburdening those who are required to comply with it. The review found that the WWC Check scheme had been well received and was functioning, by and large, as intended. However, the review also found a number of practical and technical issues that had arisen during the first three years of operation of the scheme.

As a result of the review, the WWC Act was amended to improve the efficiency and effectiveness of the WWC Check scheme. The amendments included providing greater flexibility in respect of the documentation required to be lodged with a renewal application. This amendment enabled the department to provide a streamlined WWC Check renewal process. The proposed Regulations incorporate the impacts of these amendments on the fees for WWC Checks.

This RIS has been prepared to fulfil the requirements of the Subordinate Legislation Act and to facilitate public consultation on the proposed amendments to the current Regulations. Stakeholder consultation is particularly valuable for gathering information to assist with the examination of the costs and benefits of the proposed Regulations and other options being considered.

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 12 November 2012**.

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

3.3 Problem identification

The WWC Act complements the *Children, Youth and Families Act 2005* and *Child Wellbeing and Safety Act 2005* by addressing an existing problem where individuals with relevant criminal or professional disciplinary histories may be working or volunteering with children.

When the WWC Act was developed, Victoria did not have a set of minimum, state wide suitability standards for those who worked with children, whether in paid employment or voluntarily. The absence of such standards was considered a significant risk to children as individuals who would not meet the proposed standards were, or could in the future, be working or volunteering with children.

The WWC Check scheme provides parents, guardians and carers who entrust their child to a person who holds a valid WWC Check card, with the knowledge that:

- ◆ the person has been screened by a government body, and
- ◆ a decision has been made that the person is not unsuitable to work with children to the extent of the screening process required under the WWC Act⁶.

As the WWC Check scheme was new when introduced in 2005-06, a number of assumptions were made about the cost of administering the Regulations. The scheme has now been in place for over six years and the cost of administering each application significantly exceeds the initial forecasts. Therefore, the proposed amendments to the current Regulations, and this RIS, seek to ensure efficient and equitable recovery of the costs of administering and enforcing the requirements of the legislation.

3.4 Under recovery of costs of processing WWC Check applications

The fee for employee applicants undertaking child-related work for profit or gain is set at 6.51 fee units in the current Regulations (the equivalent of \$79.60 in 2011-12 and \$81.60 in 2012-13)⁷. When the fees were originally set in 2006, it was expected that the costs of the WWC Check for employees would be fully recovered from employee applicants, however, based on detailed estimates of the costs of processing each employee application this has not occurred. In 2011-12, the average unit cost of processing a WWC Check was closer to \$120 for a new application and \$104 for a renewal. Therefore, the current costs of processing an application are being under-recovered by approximately \$40 per new employee application and \$24 per renewal. In 2011-12, under-recovery of these costs was close to \$2.6 million⁸. This under-recovery of costs largely stems from direct costs incurred in processing WWC Checks.

3.4.1 Appropriateness of fees

The requirement for a fee is set in the WWC Act⁹. This RIS seeks to demonstrate the appropriateness of the fees through justification of the level of cost recovery of the fees, and the efficiency of the process for which the fees are charged.

This RIS examines two levels of cost recovery and their relative advantages and disadvantages. The Department of Treasury and Finance *Cost Recovery Guidelines (2010)* suggest that fees should fully recover costs where the fee reflects a service or benefit that is fully captured by the individual paying the fee. For example, the private benefits enjoyed by employees assessed as 'suitable' to work with children include the net income they obtain from their occupation and the non-monetary benefits they enjoy from working with children.

⁶ The WWC framework assesses the eligibility of individuals to work with children on the basis of their criminal and/or professional disciplinary history alone. Therefore, the framework complements but does not replace the need for employers and volunteer organisations to undertake thorough background checks to determine whether a particular candidate is suitable to work with children.

⁷ The fee for a replacement card is set at 1.49 fee units (the equivalent of \$18.20 in 2011-12 and \$18.70 in 2012-13) in the current Regulations. The average unit cost of providing a replacement card was approximately \$12.00 in 2011-12 which suggest an over-recovery of cost of approximately \$6.00 per replacement card in 2011-11 or approximately \$15,000 in total.

⁸ Based on the number of employee applications and renewals processed in 2011-12: 55,962 X (\$119.75 - \$79.60) + 13,265 X (\$103.73 - \$79.60) = \$2,567,022.

⁹ This requirement does not distinguish a fee for a new applications from a fee for a WWC Check renewal.

The Guidelines also state that fees can under-recover costs where there are wider public benefits that should be taken into consideration. Public benefits arise where the activities of the child workers and employers have positive effects on other parties. As the other key parties affected by the Regulations are children and their families, where it can be clearly shown that there are wider public benefits associated with the WWC Checks, then costs should not be fully recovered.

As a mechanism for assessing the suitability of applicants to work with children, the WWC Check scheme, including the proposed Regulations, reduce the private 'costs' of such 'screening' by parents and families, including:

- ◆ costs incurred by parents in finding an appropriate child worker/service. These 'search costs' may become prohibitive to the extent that parents abandon the search, or select a service provider that could pose a safety risk to their children (that could otherwise have been highlighted/ avoided through WWC Checks)
- ◆ a lack of expertise/resources to effectively judge the background of the child worker/service, and
- ◆ the diversity of child-related activities and individuals who provide these services may exacerbate problems arising from the above issues.

With respect to the efficiency of the WWC Check process, and hence the magnitude of costs to be recovered, Appendix 1 describes and discusses the efficiency of procedures for capturing applicant information, processing WWC Checks and issuing cards.

In the absence of the proposed Regulations, the Victorian Government would recover significantly less than the full regulatory costs incurred by the department for processing employee applications according to the current Regulations. Based on the forecast number of new employee applications and renewals for the period 2012-13 to 2015-16, the estimated shortfall over the remaining life of the Regulations is \$7.5 million¹⁰ (see Table 5).

Table 5: Estimated shortfall over the remaining life of the current Regulations

Employees	2012-13	2013-14	2014-15	2015-16
New applications	56,522	57,087	57,658	58,234
Renewals	66,190	45,328	39,694	33,919
Cost per new application	\$102.47	\$109.37	\$112.89	\$118.79
Cost per renewal	\$85.89	\$92.21	\$95.13	\$100.41
Fee charged [^]	\$81.60	\$83.65	\$85.70	\$87.85
Estimated shortfall	\$1,463,785*	\$1,856,429	\$1,942,131	\$2,227,826

[^] Based on the current regulations with an assumed fee increase of 2.5% per annum in line with fee unit indexation.

* There was a significant spike in WWC Check applications in 2007-08 with an expected corresponding spike in renewals in 2012-13. Given current staffing restrictions across the VPS, staff numbers cannot be increased to deal with a spike in demand. As a result the estimated average cost of processing applications in 2012-13 is lower than other years; however processing times may be adversely affected by staff shortages.

Other things being equal, the department would need to reduce resources for other programs or receive additional funding (from government revenue collected from the broader Victorian community) to meet the shortfall. Alternatively, the Government would need to significantly reduce WWC Check services.

3.5 Affected parties

Applicants for WWC Checks who are affected by this RIS are employees undertaking child-related work for profit or gain. By extension, relevant employers may also be affected by the proposed changes in fees for WWC Checks.

¹⁰ This estimation is based on application volumes as at 30 June 2012.

4 Objective of the proposed Regulations

4.1 Introduction

A crucial aspect of assessing the likely impacts of any government regulation is to clarify the purpose/s for which that regulation is being introduced. To do so requires a clear understanding of the objectives of the regulation in terms of the outcomes to be achieved, rather than the means by which they will be pursued. Clarification of the regulatory objectives is a key step in assessing whether the proposed approaches are the best for addressing the underlying problem and achieving the desired regulatory outcomes. The regulatory objectives should align with the intent of the authorising legislation, other related statutory rules or government policies.

4.2 Identifying objectives

The objectives of the current Regulations are to prescribe various matters under the WWC Act, specifically to:

- (a) prescribe application fees and to make provision for their waiver, reduction or refund;*
- (b) prescribe a body for the purposes of sections 10(3)(b), 11(1)(b), 14(1)(a) and 21(1)(b) of the WWC Act;*
- (c) prescribe findings of a prescribed body for the purposes of sections 14(1)(a) of the WWC Act; and*
- (d) prescribe persons for the purposes of section 43(b) of the WWC Act.*

Working with Children Regulations 2006, regulation 1.

As the objectives are defined quite narrowly in the current Regulations, the purposes of the WWC Act provide greater insight into the overarching aims of introducing WWC Checks:

- ◆ The primary objective of the authorising legislation is to enhance the safety of children participating in activities outside of the home. The WWC Act was introduced to *'assist in protecting children from sexual or physical harm by ensuring that people who work with, or care for, them have their suitability to do so checked by a government body,'* section 1(1).
- ◆ The secondary objective of the WWC Act is to *'establish a process for assisting in determining whether a person is suitable to work in child-related work,'* section 8(1).

4.3 Assessing objectives

As noted above, assessing regulatory objectives requires consideration of whether the identified objectives of the regulation under review are clear, relevant and appropriate.

The key government objective is to ensure the safety of children and that the WWC Check scheme assists to achieve this aim.

4.4 Objectives of the proposed Regulations

The RIS does not attempt to examine the costs and benefits of the entire WWC Check scheme. Instead, the analysis focuses on the proposed amendments to the current Regulations which are intended to efficiently and equitably recover the costs of administering and enforcing WWC Checks for employees.

5 Options to achieve the regulatory objectives

5.1 Government policy

The Department of Treasury and Finance *Cost Recovery Guidelines* (2010) set out the policy principles for cost recovery by Victorian Government agencies. The Guidelines seek to ensure that where cost recovery is utilised, it is undertaken in a manner consistent with legislative requirements and is transparent, efficient and effective.

In this context, cost recovery refers to recouping the costs of services or activities provided by government that benefit specific parties or reflect the costs of regulating their actions. In relation to regulatory activities, cost recovery can be used to recoup a range of costs incurred by government agencies in administering regulations.

The Guidelines promote the use of well designed cost recovery schemes in order to achieve equity (both horizontal and vertical) and efficiency. Horizontal equity requires the similar treatment of those in similar situations. In relation to cost recovery, horizontal equity is often referred to as 'user' or 'beneficiary' pays where those individuals that contribute to the need for, or benefit from, government regulation, cover the associated costs. In comparison, a less equitable situation is one where all taxpayers cover the costs of regulation, whether or not they benefit from, or are subject to it. Vertical equity describes situations where the fee or contribution made by an individual is aligned with their ability/means to pay. In terms of cost recovery vertical equity considerations often result in differential fees for different types of users or beneficiaries.

The Guidelines suggest that regulatory fees and user charges should generally be set on a full cost recovery basis unless there is a valid reason, or other policy objectives that would make it inappropriate to do so. Where full or partial cost recovery is implemented, it is to be calculated based on recouping 'efficient costs'. Efficient costs are the minimum costs of delivering a quality service or achieving government objectives. This emphasis on efficient costs is to ensure that costs aren't inflated due to poorly designed processes or administrative practices.

5.2 Option limitations

In identifying options to be examined in this RIS it should be noted that the overarching legislation (the WWC Act) dictates that fees be prescribed in the statutory rules (current Regulations). Therefore, options in this RIS focus on the fee 'regime' that will apply to WWC Check applications rather than considering alternative regulatory instruments.

The analysis below first considers the magnitude of costs to be recovered (full or partial cost recovery); and second, examines whether the proposed fees recover costs efficiently, equitably and effectively.

5.3 Full or partial cost recovery

While recommending full cost recovery in most circumstances, the Guidelines recognise that in some situations partial cost recovery may be more appropriate. Situations listed in the Guidelines, and most relevant to the WWC Check scheme, are where concessions are deemed appropriate, and cost charging could undermine other government objectives.

Any departure from full cost recovery results in the Victorian community subsidising the WWC Check scheme. However, it is important that fees are set in such a way as to not deter individuals from seeking child-related employment.

In determining the appropriateness of the WWC Check fee regime, an assessment of where WWC Checks exist on the 'public-private good' continuum is required. In various contexts, WWC Checks exhibit both 'public' and 'private' good characteristics. 'Public' good characteristics are evident in the benefits arising from the provision of WWC Checks which accrue to broader segments of the community (mainly children and families). 'Private' good characteristics are the benefits of WWC Checks which accrue to the individual applicants. Under these circumstances, there is a strong case for the party benefiting from the private good to pay for its provision.

Table 6: Comparison of employee fees paid in other jurisdictions for 2011-12

2011-12	QLD	NSW	W.A.	VIC	S.A	ACT	NT
Paid employee fee	\$72.50	\$80.00	\$51.50	\$79.60	\$58.85	\$71.00	\$50.00
Paid employee fee (per year Check is valid)^	\$24.17	NA*	\$17.17	\$15.92	NA	\$23.70	\$25.00
Replacement card fee	\$11.00	\$0.00	\$10.00	\$18.70	\$0.00	\$0.00	\$0.00

*WWC Check is valid for duration of employment. Upon change of role or employer an employee must apply for another check.

^ As the period for which WWC Checks are valid varies across jurisdictions, the 'effective fee per year' provides a better basis for comparison.

With the exception of Tasmania, where the development of a WWC Check scheme is currently under consideration, all states and territories in Australia have, or are in the process of implementing, a scheme for screening individuals undertaking child-related work. However, there are significant differences in the categories of people subject to such regulation, the information that is assessed, the validity of the check and ongoing monitoring activities. Therefore, it is difficult to compare fee structures and their underpinning costs across jurisdictions.

5.4 Cost recovery for Working with Children Checks

In this RIS, the costs that can possibly be recovered are those incurred in processing WWC Check applications and producing WWC Check cards. These costs are estimated to be \$81.3 million over the remaining four year life of the Regulations.

A number of changes to the scheme have been made in recent years to streamline the processing of applications and renewals, and keep costs and fees down. These changes are explained in detail below.

Re-engineering of processing of applications

Ongoing efforts are being made process applications more efficiently without adversely affecting the quality of the assessments. A range of initiatives were introduced to modify review and assessment processes. Combined, these initiatives have reduced the volume of cases requiring extensive investigation and have streamlined processes to enable a more timely assessment. Overall, this has increased the number of investigations completed within the prescribed timeframe.

Streamlined processing of renewal applications

Amendments were made to the WWC Act in 2010, enabling faster processing of renewals. This streamlining includes the use of the WWC Check card as proof of identity when applying to renew a WWC Check and the introduction of a single page, pre-populated renewal form provided to the applicant by the department. As a result of these changes, renewal applications processed up to 31 July 2011, on average took five fewer days to process compared with new applications. Furthermore, the department was able to negotiate with contractors a lower unit cost for the processing of renewal applications which resulted in significant cost savings.

Efficiency measures

The department has explored a number of measures to reduce the costs of administering the scheme through more efficient processes. Efficiency measures to date, in addition to those outlined above, have included the introduction of streamlined case management to eliminate any double handling and decrease unnecessary interruptions of workflow. These measures, along with increased use of 'immediate' communication methods like telephone and email, have significantly improved processing

times. As a result, there has been an associated reduction in resources and a reduction in operating costs of \$1.5 million per annum. The impact of these efficiency measures are taken into account in the setting of fees for WWC Checks over the next four years (see Appendix 1 for further detail). However, as the majority of the costs of administering applications and renewals are demand driven, there is limited opportunity to further reduce these costs in the short term.

The costs to be recovered under the proposed Regulations are considered by the department to be 'efficient'. Significant work has been undertaken to streamline processes and reduce costs, including contractor costs. Approximately 61 per cent of the costs associated with processing WWC Check applications reflect the market price of the provision of external application screening and card production services. These contracted services are publicly tendered with value for money and cost efficiency considered as part of the tendering process. The Guidelines (p.34) suggest that public tendering is one way to keep costs at an efficient level.

5.5 Consideration of Cost Recovery Guidelines

The Guidelines emphasise a number of factors to be considered when setting fees. The department's response to each of these is outlined below.

Appropriateness of cost recovery

- 1) Is provision of the output or level of regulation appropriate?

The proposed amendments to the Regulations examined in this RIS deal only with fees. The WWC Act prescribes that fees be set in the Regulations. The department regularly reviews the WWC Check application and card production processes and takes steps to further streamline these where possible.

- 2) What is the nature of the output or regulation?

The objective of the proposed Regulations is to efficiently recover the costs of administering and enforcing WWC Checks for employees.

- 3) Who could be charged?

Parties who could potentially incur fees under the proposed Regulations are those applying to undertake child-related employment activities. These parties are the most likely to be targeted for cost-recovery under the proposed Regulations as the WWC Act specifies that it is the individual who is liable to pay a fee upon application rather than organisations or businesses.

- 4) Is charging feasible, practical and legal?

As fees can easily be administered as part of the application process, such charges are both feasible and practical. As the WWC Act authorises the prescription of fees in the relevant subordinate legislation, charging a fee is lawful.

- 5) Is full cost recovery appropriate?

Individuals undertaking child-related work for profit or gain receive private benefits from doing so, thus full cost recovery is appropriate for these applicants.

Cost structures and nature of charges

- 1) Which costs should be recovered?

Activity-based costing (which included the allocation of indirect costs according to the proportion of direct costs consumed) was used to determine the applicable fees. Costs assessed as being recoverable are the incremental costs incurred by the department in processing WWC Check applications, as well as the associated monitoring and administration costs.

- 2) How should charges be structured?

The fees are structured so that all relevant regulatory costs are recovered from those individuals who derive the greatest private benefits from obtaining a WWC Check.

3) Are cost-recovery charges based on efficient costs?

The activity costs estimated for this RIS are based on financial analysis and forecasts completed for the WWC Check Unit. The cost estimates take into account measures already implemented by the department to reduce the overall costs of administering the WWC Check scheme.

Ongoing efforts have been made to re-engineer the processing of applications more efficiently without adversely affecting the quality of the assessments or risk to children. A range of initiatives were introduced to change review and assessment processes. Combined, these initiatives have reduced the volume of cases requiring extensive investigation and have streamlined processes to enable a more timely assessment. Overall, this has increased the number of investigations completed within the prescribed timeframe and reduced the operating costs of the WWC Check Unit by around \$1.5 million. However, as the majority of costs are demand driven, there is limited opportunity to further reduce the cost of the scheme.

Implementation features

1) What is the importance of consultation?

The intention of the Government to recover the full cost of employee WWC Checks (from 1 January 2013) was foreshadowed in the 2012-13 State Budget and reported widely in the media.

While it is the case that the proposed Regulations do not represent a change in policy from the original position of full cost recovery for employee WWC Check applications, consultation with stakeholders is essential. This RIS provides advice on the options available and the quantum of any fee changes. This will be of interest to people already engaged in child-related work and for those who are new to the work.

2) How should cost-recovery arrangements be monitored and reviewed?

Government departments are required to review existing cost recovery arrangements as stipulated in the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*. The department proposes to conduct a review of the principle Regulations when they sunset in 2016 (ten years since their commencement).

5.6 Options

The options considered for addressing the problem of the under-recovery of costs associated with processing employee applications are:

Option 1: Full cost recovery for employees with a single fee for new applications and renewals

Option 2: Full cost recovery for employees with separate fees for new applications and renewals

Option 1: Full cost recovery for employees

Under this scenario, the costs of processing WWC Check applications would be fully recovered from applicants seeking to undertake child-related work for profit or gain (for new applications, renewals and replacement cards). The fee for 'employee' applications (and renewals) would be set at 8 fee units (equivalent to \$100.24 in 2012-13)¹¹. The fee for a replacement card would be set at 1 fee unit (equivalent to \$12.53 in 2012-13).

For this option, the same fee applies to both new applications and renewals despite there being some differences in the cost of administering each of these WWC Checks. As such, the fee is determined by the average projected unit costs of processing an employee application (be it new or a renewal).

Option 2: Separate fees for employee applications and renewals

Amendments to the WWC Act in 2010 have resulted in WWC Check holders being able to use their existing WWC Check card as proof of identity when renewing their WWC Check instead of having to again provide proof of identity documentation. Furthermore, a single page, pre-populated renewal form

¹¹ This represents the average cost of processing new applications and renewals over the period 2012-13 to 2015-16. See Appendix 1 – Figure 5 for further information.

is now provided to the applicant by the department. This change to the application process has meant that costs associated with application capture for renewals are lower than for new applications. In addition, renewals processed up to 31 July 2011, took on average five fewer days to process compared with new applications.

Accordingly, this option proposes the fees for a new assessment and renewal would be set at 8.85 and 7.45 fee units (equivalent to \$110.90 and \$93.35 in 2012-13) respectively.

Whilst these fees reflect the current average costs of processing a new and renewal WWC Check application, the actual cost of processing specific new and renewal applications varies.

Firstly, the actual cost depends on the extent of investigation required to assess the particular applicant's suitability. While the majority of applications received can be processed easily, others may require more intensive investigation, particularly where the applicant has a criminal history or appeals the department's assessment to the Victorian Civil and Administrative Tribunal. For example, based on 2010-11 data for employee applications, 93 per cent (56,771) were immediately cleared when processed, 6 per cent (3,901) required some further investigation of criminal record information and one per cent required particularly extensive investigation. Estimated costs incurred for further investigations ranged from a few hundred dollars to a few thousand dollars per application.

There is also some uncertainty about the average cost of processing a renewal application. Since the scheme was introduced in 2005-06, the number of WWC Check applications has fluctuated significantly year-to-year. In 2006-07, the scheme's first full year of operation, there were 83,525 WWC Check applications processed. In 2007-08 the number of applications processed increased substantially to 227,388 but fell the following year to 175,631. In the next four years, the numbers of renewals processed are projected to fluctuate similarly, but there is currently insufficient data to be certain this will occur. The fluctuation to date has depended, to some extent, on the number of people who entered the scheme 5 years previously, but also on the proportion of those people who choose to renew when their Check expires.

As a WWC Check is valid for five years, renewals of WWC Checks only began to be lodged in 2011. Approximately 39,000 renewals were processed in 2011-12 with three times as many expected in 2012-13 alone. To date, approximately 55 per cent of WWC Checks expiring each year are being renewed. Volume forecasts assume that this rate, and the relative proportion of volunteer compared to employee applications, will remain steady for the next four years, however, as noted, with renewals having only just commenced there is still some degree of uncertainty surrounding these estimates. When there is greater certainty around the actual number of renewals processed each year, there may be subsequent changes in the contract prices (which are generally negotiated every five years) for external services provided in relation to these types of applications.

At the time of receiving a WWC Check application or renewal, it is not possible to know the extent of any subsequent investigations, nor is it administratively feasible to recover fees from applicants that vary according to the actual costs of processing their specific application. Therefore, under this option, applicants would be charged a fee that reflects the average unit cost of processing their particular type of application, as currently estimated.

6 Comparison of options

6.1 Base Case

The base case describes the situation that exists in the absence of the proposed Regulations. As the current Regulations are not due to sunset until 2016, the base case is the current fee settings or 'status quo'. The costs and benefits of the proposed options are considered relative to the base case.

The fee charged for employee applicants undertaking child-related work for profit or gain is currently set at 6.51 fee units (the equivalent of \$81.60 as one fee unit is worth \$12.53 in 2012-13). When this fee was originally set it was expected that the costs of the WWC Check process for employees would be fully recovered from employee applicants (in line with the Government's cost recovery guidelines), however, based on detailed estimates of the costs of processing each employee application it is clear that this is not the case. The average unit cost of processing an employee application for a WWC

Check is a little over \$100¹². Therefore, the base case scenario represents partial cost recovery as only 80 per cent of the total costs of providing employee WWC Checks are being recovered.

6.2 Methodology

6.2.1 Recovery of efficient costs

The financial modelling used to calculate the overall costs to government of undertaking WWC Checks uses an activity-based costing approach. Under this approach, the activities undertaken by the department are examined and the resources used in the process to complete different types of services (i.e. clearance of new applications, renewals of existing applications, change of details, card replacement etc.) are identified. Costs are then assigned to specific outputs based on the proportion of each activity dedicated to their production. As a result, each activity is costed according to the amount of resources it requires.

Activity-based costing is preferable to a number of other methods because it is considered more accurate. However, some costs, such as indirect costs are more difficult to assign as it is difficult to identify the proportion of indirect costs to allocate to specific activities. To overcome some of these issues, indirect costs were apportioned to each activity according to the proportion of direct costs consumed. More detailed information is provided in Appendix 1.

The estimated average unit costs of processing new applications and renewals of WWC Checks over the remaining life of the Regulations are shown below (Table 7 and Table 8), as are the key tasks involved in processing an application (Table 9).

Table 7: Average unit costs by employee application type

Service	2012-13	2013-14	2014-15	2015-16
New application - employee	\$102.47	\$109.37	\$112.89	\$118.79
Renewal - employee	\$85.89	\$92.21	\$95.13	\$100.41

Table 8: Average unit cost per employee application per year

Employee applications & renewals	2012-13	2013-14	2014-15	2015-16
Average cost [^]	\$93.53	\$101.78	\$105.65	\$112.03

[^] A weighted average based on the proportions of employee applications that are new or renewals.

¹² Weighted average for the period 2012-13 to 2015-16 is \$102.15.

Table 9: Service by task and average cost – new employee application 2011-12

New employee application	Av. cost	%	Tasks involved
External contracted services			Receive application form, check details are complete, check proof of identity documents, collect fee, forward application to government
Application capture	\$38.68	33%	Prepare assessment notice/s
Assessment notices			Manufacture WWC Check card which includes photograph
Card production			
Administration & processing	\$55.38	46%	Oversee application's progression through each stage of processing, clarify and communicate WWC Check regulatory requirements, undertake further investigations as required, liaise with applicant and other relevant bodies, collect and protect data, communicate status of application, refer specific cases to higher authorities as necessary
Criminal record check	\$23.00	19%	National criminal record check
Postage	\$0.47	0%	
Police monitoring	\$2.22	2%	Monitor police records to identify any WWC Check holders charged with criminal activities
Total cost	\$119.75 ¹³		

Differences in processing new applications and renewals arise from the different contractor costs for undertaking these activities. Streamlining of the renewal process by the department has made it much simpler for applicants to apply for a renewal (as a pre populated form is provided) and for their identity to be checked as part of the 'application capture' process. As a result the cost of 'application capture' for a renewal is 50 per cent less than for a new application.

The average administration and processing costs incurred by the department per application has also been impacted by the introduction of a range of efficiency measures and system reengineering. Given these measures were only fully implemented by the end of the 2011-12 financial year, the average future costs are projected to be lower. For example, in 2011-12, the average administration and processing cost for a new employee WWC Check application was \$55.38 (46 per cent of the total cost of \$119.75). Whereas in 2014-15 this cost is expected to be \$44.16 (39 per cent of the total cost of \$112.89) which reflects the full implementation of all efficiency measures identified to date¹⁴.

It should be noted that application capture, criminal record checks, the production of assessment notices and WWC Check cards, and ongoing police monitoring activities, are all carried out by external contractors. These contract costs are negotiated on average every five years. Typically, unit costs for application capture, criminal record checks, card production etc are set and thus reflect the 'market' price for the period the contract is valid. The costs of undertaking these activities are similar across jurisdictions.

6.2.2 Costs and benefits of the options

The key differences between the options are the costs incurred by employees and government as the options reflect varying degrees of economic transfers between these parties.

For this reason, the comparison of options below has a greater emphasis on the advantages and disadvantages of the options than on the financial analysis (although this is also included).

¹³ Note that this is the cost for 2011-12; projected future costs are lower due to implementation of significant efficiency measures.

¹⁴ The 2014-15 figures are used here to illustrate how application processing cost components are expected to vary over time. In particular, the department's commitment to ongoing streamlining of the application processes is expected to result in administration costs becoming a much smaller proportion of the overall processing costs over the remaining four year life of the Regulations.

6.2.3 Financial analysis

Based on financial modelling completed for the department, the total cost of administering employee WWC Checks (under the base case scenario) is estimated to be \$43.75 million over the remaining four years of the Regulations (2012-13 to 2015-16). This estimate is based on the following assumptions:

- ◆ The value of a fee unit increases by 2.5 per cent per annum in line with recent announcements regarding the value of a fee unit.
- ◆ The costs of external services provided by contractors as part of the WWC Check process increase by 3.5 per cent per annum in line with inflation (CPI).
- ◆ Demand for new WWC Check applications is based on actual figures for 2005-06 to 2010-11 and assumes annual growth in demand of one per cent.
- ◆ Approximately 55 per cent of applications will be renewed after five years, and the proportion of volunteer and employee applications will remain stable.

Where there is a change in demand for WWC Checks the overall administration costs of the scheme vary, as do the estimated revenues and government subsidies (revenue estimates are shown in Table 10).

Table 10: Estimated revenue of options over four years (2012-2016)

	Employee cost recovery	Estimated Revenue (\$m)
Base Case	80%	35.0
Option 1: Full cost recovery for employees	100%	43.0
Option 2: Separate fees for new and renewed assessments	100%	44.2 ¹⁵

6.2.4 Multi-criteria analysis

The *Victorian Guide to Regulation* requires that a 'decision tool' be used to compare different options. Multi-Criteria Analysis (MCA) is useful for quantitatively comparing alternative fee options.

MCA involves:

- ◆ specifying a number of assessment criteria
- ◆ assigning a 'weighting' to each criterion
- ◆ assigning scores for each option in relation to each criterion, and
- ◆ calculating a weighted score for each option.

MCA allows a decision to be made based on the weighted scores. All options are ranked against the same criteria, in order to clarify the relative advantages and disadvantages of each. The option assigned the highest weighted score is the 'preferred option'.

Although a degree of subjectivity is inherent in the MCA approach, when applied appropriately, MCA can provide a structured, systematic and transparent framework for comparing options. By identifying the basis on which options have been compared, it allows stakeholders and decision makers to see

¹⁵ Difference in revenue and subsidy between Option 1 and Option 2 arises due to rounding fees to the nearest whole fee unit.

(and comment on) which factors were taken into account, the weight given to different aspects of a decision, and the logical path between the issues being addressed and the decision.

MCA is an appropriate decision tool for use in a RIS like this that considers regulations imposing fees, where the fee structure is in part intended to achieve objectives other than efficiency (such as equity).

The criteria used in this MCA reflect the objectives of the proposed Regulations, the Government's Cost Recovery Guidelines, and other relevant government objectives. As these criteria are considered equally important, they are each assigned a weighting of one third.

Table 11: Criteria used in the multi-criteria analysis

Criterion	Description of criterion	Weighting (%)
Equity	Fees are aligned with an individual's ability to pay.	33
Efficiency	Fees are set in a way that promotes the efficient allocation of resources. Those that create the need for regulation, or benefit most from it, should bear the associated costs.	33
Effectiveness	Fees are set in a way that is simple to understand and encourages compliance.	33

Each option is scored against each of these objectives on a scale of -10 to +10. On this scale '0' reflects the base case. The base case is scored 0 against each criterion as it represents the status quo – the situation that will prevail in the absence of the proposed Regulations. Each option is scored relative to the base case, where a positive score indicates that the option meets the objective to a greater degree, and a negative score to a lesser degree, than the base case. A score of -10 means the option does not achieve the relevant objective, whereas a score of +10 indicates that the option fully achieves that objective.

Once an option has been scored against each of the criteria an overall score can be calculated by multiplying the assigned scores for each criterion by the associated weighting and summing the result. The option with the highest overall score is preferred.

Table 12: Multi-criteria analysis

	Equity (1/3)	Efficiency (1/3)	Effectiveness (1/3)	Overall Score
Base Case	0	0	0	0
Option 1: Full cost recovery for employees	+5	+10	0	5.0
Option 2: Full cost recovery for employees - separate fees for new and renewed employee assessments	+6	+10	-2	4.6

Both of the options for addressing the under recovery of costs for employee applications received positive scores, which suggests both are an improvement on the base case scenario. Of these two options, Option 1 was preferred.

Option 1: Full cost recovery for employees

Under this option, the same fee would apply for both new and renewal applications for employee WWC Checks. This fee reflects the average unit cost of processing a WWC Check application (new or renewal) submitted by an employee. Currently, it is more costly to process a new application for an employee than a renewal given differences in the contracted costs for application capture. Charging a

flat fee for employees results in some cross-subsidisation between new applicants and those that are renewing their WWC Check. It is assumed that 55 per cent of all employee applications are renewed after five years. Therefore, the 45 per cent of employees who do not seek to renew their WWC Check would benefit most from this fee arrangement.

As this option is similar to the base case (in which a flat fee is also applied to employee applications), but entails less cross subsidisation between taxpayers and employee applicants (as a larger proportion of costs are recovered from employee applicants) it was scored +5 against the equity criterion. Furthermore, all of the regulatory costs associated with administering employee applications are fully recovered. For this reason, this option was scored +10 against the efficiency criterion.

A flat fee would be as effective as the base case, as it is easy to understand and administer, therefore this option was scored 0 against the efficiency criterion. Levels of compliance under this option are also expected to be similar to the base case as the WWC Check is an 'entry requirement' for child-related employment.

Based on the MCA, this option received a net score of +5.0.

Option 2: Full cost recovery for employees – separate fees for new applications and renewals

Under this option, different fees would apply for new and renewal WWC Check applications. The fees reflect the average unit cost of processing a new application or a renewal application respectively. As it is currently more costly to process a new application for an employee than a renewal application, fees of \$110.90 and \$93.35 would apply. Charging differential fees eliminates any cross-subsidisation between new applicants and those that are renewing their WWC Check. (However, for the period covered by the proposed Regulations, those renewing their WWC Checks have already benefited from the under recovery of costs when they first applied, and would benefit most from the separate [and lower] renewal application fee). Therefore this option was scored +6 against the equity criterion.

As all of the regulatory costs associated with administering employee applications are fully recovered, this option was scored +10 against the efficiency criterion.

Separate fees for new applications and renewal applications may be slightly less effective than the base case, as the differential fees may initially cause some confusion and require additional administrative practices to be adopted by contractors. The efforts required to ensure all frontline service staff are aware of, and comfortable applying the new fees as required, is likely to come at a cost to the contractor providing this service. Therefore, it is possible that the costs for processing renewals may increase which is possible within the provisions of the current application capture contract.

Differential fees are not expected to impact compliance levels (relative to the base case) as the WWC Check is an 'entry requirement' for child-related employment. This option was scored -2 against the effectiveness criterion.

Based on the MCA, this option received a net score of +4.6.

Results Summary

Options 1 and 2 both received positive scores and as such are both improvements on the base case. The trade-off between these options is largely between equity and administrative complexity. By imposing a single fee for new applications and renewals, there is some inherent cross-subsidisation between the two under Option 1, however applicants renewing in the next four years (who will face a fee slightly higher than the actual cost of processing a renewal) have already benefited from initially paying a lower fee (than full cost recovery) for their original application. Option 1 is simpler to administer as it replicates the current 'single fee' approach.

Under Option 2, the cross-subsidisation between new applicants and renewals is removed, however the greatest benefits (lower fees) accrue to employees submitting renewals who have already benefited from paying a lower fee (than full cost recovery) for their original WWC Check. Introducing a differential fee scheme introduces additional administrative complexity which may be reflected in increased 'application capture' contract costs for renewals.

Option 1 received the highest overall score in part one of the MCA, and is the preferred option for addressing the primary problem of under-recovery of costs associated with processing employee applications. However, it is clear that by 2016, when the majority of WWC Check holders who paid subsidised fees (as only 80 per cent of costs were recovered, the other 20 per cent were subsidised) during 2005-06 to 2011-12 will have completed the renewal process, there may be additional advantages of implementing Option 2.

7 Nature of the proposed (preferred) measures, impacts and enforcement

7.1 Current Regulations

The current Regulations support the operation of the WWC Check scheme. Under the WWC Check, a person is not allowed to apply for any child-related work if they are:

- ◆ listed on the Sex Offenders Register
- ◆ subject to an extended supervision order under the *Serious Sex Offender Monitoring Act 2005*
- ◆ subject to a supervision or detention order under the *Serious Sex Offenders (Detention and Supervision) Act 2009*
- ◆ have a negative notice under the WWC Check scheme.

The Secretary considers the following matters when determining whether to issue a negative notice:

- ◆ Whether the person is on the Sex Offenders Register or is subject to an extended supervision order under the *Serious Sex Offender Monitoring Act 2005*.
- ◆ Whether a person has committed relevant offences against the *Sex Offenders Registration Act 2004* or the *Serious Sex Offender Monitoring Act 2005*.
- ◆ Whether the person is subject to a supervision or detention order under the *Serious Sex Offenders (Detention and Supervision) Act 2009*.
- ◆ Convictions and findings of guilt for serious sexual, violence and drug offences.
- ◆ Pending charges for serious sexual, violence and drug offences.
- ◆ Serious disciplinary action by prescribed professional registration boards.
- ◆ Convictions, findings of guilt and pending charges for relevant offences against the WWC Act.

The WWC Check scheme provides a mandatory minimum screening standard for Victoria. It has a significant advantage to a once-off, point-in-time police record check in that WWC Check holders are monitored on an ongoing basis for the life of their WWC Check. WWC Check holders, as people found suitable to work with children, are continually screened for new Victorian criminal charges, convictions or findings of guilt. If a person who has already qualified for a WWC Check is subsequently charged with a relevant offence or convicted or found guilty of a relevant offence, their WWC Check is reconsidered.

The WWC Check is also different from other police checks in that it looks only at the above matters. Other police checks generally rely on a search of the national police records by Victoria Police for all offences, charges and outstanding matters, and are once-off, point-in-time checks. Whereas the WWC Check is continually kept up to date and is limited to offences that are relevant to a person's suitability to engage in child-related work.

7.2 Proposed amendments to the current Regulations

The proposed Regulations are authorised under section 49 of the WWC Act. As outlined previously, the only proposed amendments deemed to have a significant impact upon the public, and subject to analysis in this RIS are the prescribed application and card replacement fees (regulation 7).

There are no amendments proposed to the other current Regulations which relate to prescribed bodies (e.g. the Victorian Institute of Teaching) and to the provisions for waiving and refunding fees. Therefore, these provisions are not subject to analysis in this RIS.

7.3 Proposed measures and requirements

Application fee

Regulation 7 prescribes the application fee for different types of WWC Check applications. The fee is payable upon submitting an application to the Secretary. The proposed amendments to these fees are set out in Table 13.

Table 13: Proposed amendments to the fees

Type of Application	Fee (2012-13)
Application for a WWC Check in relation to child-related work for profit or gain.	\$100.24 (8 fee units)
Replacement of an employee WWC Check (lost, stolen, damaged or change of name) during a period when the assessment notice is still current (Note: replacement cards for volunteers will be free).	\$12.53 (1 fee unit)

7.4 Preferred options

The WWC Check scheme has now been in place for over six years and the department is aware that the costs of administering the scheme are greater than originally forecast. As such, it is considered timely to re-examine the level of cost recovery of the fees, the efficiency of the processes for which fees are recovered and the level of subsidisation inherent in the scheme, to ensure consistency with government policies.

This RIS finds that employee applications for WWC Checks should be set on a full cost-recovery basis, which is consistent with the general government principle for fee-setting.

7.5 Proposed fees

In 2011, financial modelling was undertaken to ascertain the future demand for WWC Checks and the unit cost of a range of activities related to the proposed Regulations and existing WWC Act:

- ◆ New application
- ◆ Renewal application
- ◆ Card replacement

Table 14: Proposed fees.

2012-13	Current fee	Proposed fee	change
Employee application	\$81.60	\$100.24	+23%
Replacement card	\$18.70	\$12.53	-33%

The proposed fees will recover costs totalling approximately \$43 million, which is about 23 per cent more than current collections. Over the remaining four-year life of the Regulations, this represents an increase in revenue in the order of \$7.5 million.

In light of the proposed fee changes, the fee paid by employees per year that the WWC Check is valid is approximately \$20 which, when compared to other jurisdictions, is at the lower end of the fee spectrum (only W.A is cheaper). The card replacement fee is also similar to other jurisdictions (that have a fee of this type).

7.6 Impacts on small business and competition (broader competition impacts, competition test)

The current regulatory framework primarily affects individuals rather than businesses. While there may be some secondary impacts on businesses that choose to pay the WWC Check fee for their employees or assist employees with the application process in other ways, these are absorbed by businesses at their own discretion.

It is highly unlikely that people currently working with children will cease doing so because of the additional cost of compliance with the scheme. The fee increase for employee applications represents a very small fraction of their income over the five year period for which the WWC Check is valid.

Given that the WWC Check applies across the board, there are unlikely to be any competition impacts arising from the proposed Regulations.

Competition impacts

The competition policy impacts arising out of the Regulations are likely to be minimal.

There is one main area in which there may be a competition impact: insofar as some businesses may use volunteers who will not incur the fee, they may gain an advantage over those who use employees who are required to pay the fees.

However, two factors that mitigate this effect are:

- 1) the fee falls on workers rather than businesses, and
- 2) the magnitude of the fee increase is particularly small relative to the other costs of operating a business.

As a result, it is unlikely that the fee would have a significant impact on competition.

8 Evaluation

8.1 Evaluation/ audits of existing process

The Government appointed Child Safety Commissioner has a legislated responsibility under the *Child Wellbeing and Safety Act 2005* to annually review the administration of the WWC Act. The most recent audit was undertaken in June 2012 based on the following criteria developed by the Child Safety Commissioner's Office.

- ◆ Evidence of efficiency and efficacy of the education and information program concerning:
 - the need to apply for or renew a WWC Check, and
 - the need for an assessment notice holder to inform of relevant change in circumstances or personal details.
- ◆ Evidence of efficiency and efficacy of the compliance framework implemented by the Department of Justice.
- ◆ Evidence of processes and controls in place to undertake WWC Check card renewals.
- ◆ Evidence of efficiency and efficacy of processes and controls contained in the Victorian system regarding the national exchange of criminal history.
- ◆ Evidence of the Secretary acting consistently with the intent of the WWC Act, to keep inappropriate people from working with children, in matters in which the provision of a negative notice is appealed at VCAT.
- ◆ Evidence that the Secretary has appropriately protected the privacy of individuals and the confidentiality of their information (both electronic and hard copy) consistent with the intent of the legislation.

The 2012 audit found that the WWC Check Unit was fully compliant against each criterion. A report of the review is provided each year to the Attorney-General, the Minister for Human Services, the Secretary to the Department of Justice and the Director, WWC Check Unit.

In 2009, a review of the WWC Act was undertaken to ensure that the WWC Check scheme was continuing to meet its aims of providing a safer community for children, while not overburdening those who are required to comply with the Act.

The review found that the WWC Check scheme had been well received and was functioning, by and large, as intended. However, the review did find that a number of practical and technical issues that had arisen during the first three years of operation of the scheme. Consequently, the WWC Act was amended so as to improve the efficiency and effectiveness of the WWC Check scheme.

The *Working with Children Amendment Act 2010* provided greater flexibility in respect of the documentation required to be lodged with a renewal application. The amendment enabled the department to provide a streamlined WWC Check renewal process and, thereby, significantly reduce the regulatory burden on people renewing their WWC Check by not requiring WWC Check holders to provide proof of identity documentation when renewing their WWC Check and providing them with a pre-populated application form based on the information held by the department.

A Bill to further strengthen the WWC Check scheme has been passed by Parliament and will come in to operation on 31 December 2012.

This continuing refinement of the WWC Act ensures that the WWC Check continues to meet its objective of helping to protect children from harm by ensuring that people seeking to work with children have their suitability to do so checked by a government body.

8.2 Evaluation strategy for proposed amendments

The proposed Regulations replicate the current Regulations (which have been in place since 2006) except for the level of fees and associated cost recovery. Administration and payment methods for WWC Checks are not expected to change, however the department will continue to review the cost base and identify areas for further streamlining of regulatory activities.

The proposed Regulations will take effect from 1 January 2013. Information on the number and type of applications received as well as fees recovered will continue to be collected and regularly analysed and reported. . The department proposes to review the WWC Regulations 2006 in their entirety by 2016 when they sunset (ten years since their commencement).

9 Conclusions and Recommendations

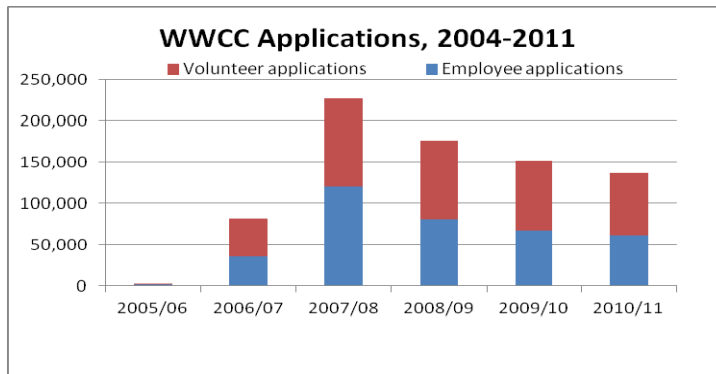
It is recommended that the WWC Check employee application fee and employee replacement card fee be set on a full cost-recovery basis. This is consistent with the general government principle for fee-setting. On this basis, it is recommended that the employee application fee be increased to full cost recovery from 1 January 2013. On the same basis it is recommended that the replacement card fee be reduced. These changes would come into effect at the same time.

Appendix 1 Activity Based Costing

To identify the costs involved in providing specific services such as processing WWC Check applications and renewals, and replacing cards an 'Activity Based Costing' model was developed, based on actual costs incurred by the WWC Check Unit in 2010-11. The following steps were undertaken to develop the model:

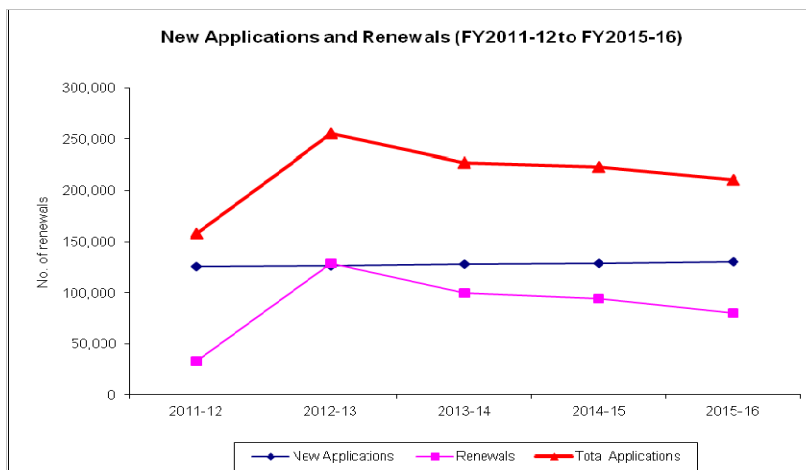
- 1) Historic data for the period 2005-06 through to 2010-11 was analysed to understand the volume of employee and volunteer WWC Check applications processed since the Working with Children Regulations 2006 were implemented (see Figure 1).

Figure 1: Historic data – WWC Check applications 2004-2011



- 2) The historic data was used to forecast the numbers of new and renewed applications expected to be processed by the WWC Check Unit from 2011-12 through to 2015-16 (see Figure 2). Key assumptions inherent in these forecasts are: the numbers of new applications are expected to grow by one per cent each year; the number of renewals depends on the number of WWC Checks due to expire each year; with 55 per cent of people with expiring WWC Checks expected to renew¹⁶.

Figure 2: Forecast demand for WWC Check applications

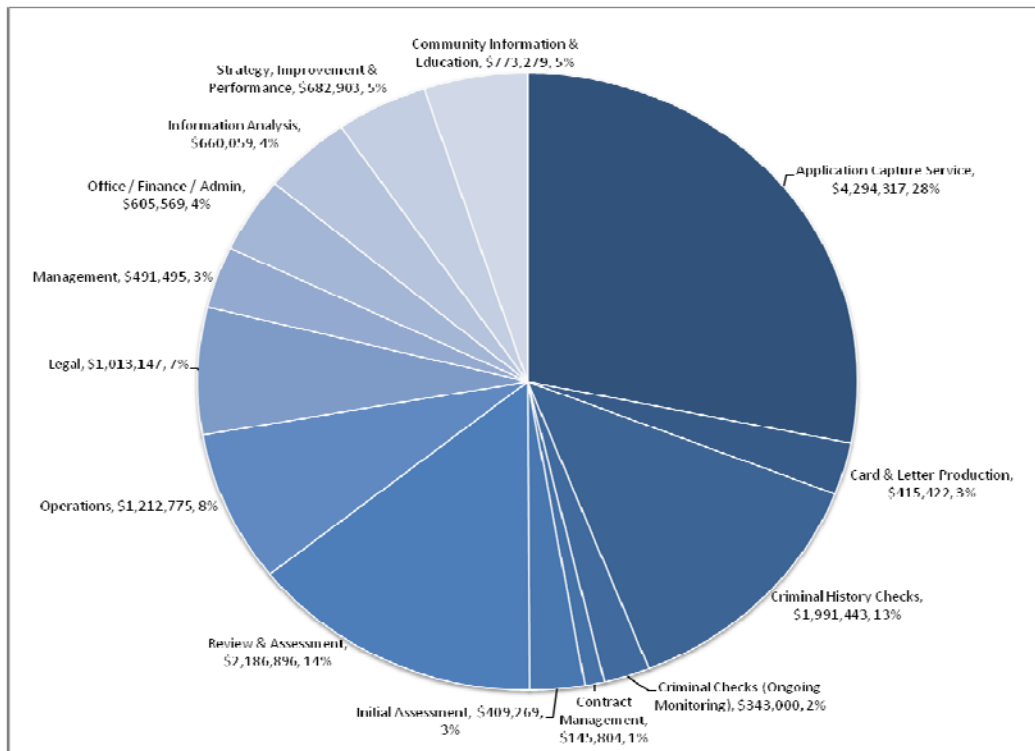


- 3) The activities undertaken by the WWC Check Unit were examined and the resources used in the process to complete different types of services (i.e. clearance of new applications, renewals of existing applications, change of details, card replacement etc.) were identified.
- 4) All of the fixed and variable costs incurred by the WWC Check Unit were identified and categorised as either direct – those directly attributable to the delivery of specific services such as the salaries of employees that process WWC Check applications – and indirect costs such as printing, advertising, stationery and electricity.

¹⁶ As WWC Checks are valid for five years, renewals (or applications for a subsequent WWC Check) only began to be processed in 2010-11. To date, the number of renewals processed is relatively small, but growing rapidly (which reflects the initial pattern of applications for WWC checks). Based on current data, approximately 60 per cent of expiring WWC Checks are being renewed, however a small proportion of these (4-5%) are submitted using a new application rather than a renewal form which increases processing costs. For this reason the assumption of a 55 per cent uptake rate for renewals appears to be justified.

- 5) Costs were allocated across activities such as office administration, legal services, management, operations, contract management, information analytics, strategy improvement and performance, review and assessment, initial assessment, community information and education, application capture, card and letter production, national criminal history checks, and police record monitoring and letter production, national criminal history checks, and police record monitoring.
- 6) Figure 3 below shows the proportion of WWC Check unit costs by activity for 2010-11.
- 7) Allocation rules were developed to allocate activity costs to user services such as processing of new applications for employees and volunteers, completing renewals for employees and volunteers, card replacement, change of details, status checks etc.
- 8) Costs were assigned to specific services based on the proportion of each activity dedicated to their production. As a result, each activity was costed according to the amount of resources it requires. Given their nature, indirect costs are more difficult to assign than direct costs. In this exercise, indirect costs (which made up less than one per cent of the total costs¹⁷) were apportioned to each activity according to the proportion of total direct costs consumed.

Figure 3: Proportion of costs by activity, 2010-11



¹⁷ A number of corporate costs required to support the operation of the WWC Check Unit were not included in the model. As such, the cost estimates are considered conservative.

Figure 4: Comparison of fixed and variable costs

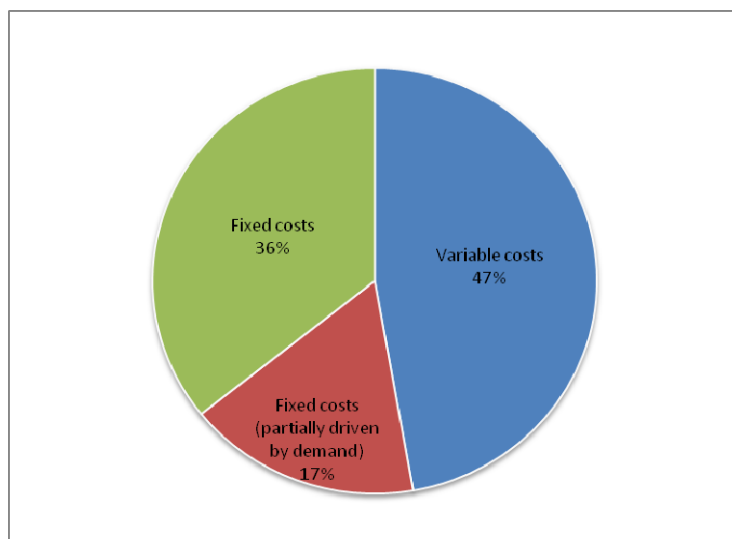


Figure 4 illustrates that approximately 47 per cent of the costs incurred by the WWC Check Unit are variable costs that are demand driven and accrued at or near the point of application whereas 53 per cent are fixed, including 17 per cent that are partially driven by demand. The latter group includes WWC Check staff working in the areas of investigations and document verification. While increased demand for the WWC Check may result in backlogs and delays in processing, it has no impact on the workloads of these people.

Efficient Costs

The costs of processing WWC Check applications have decreased since 2010-11 due to the implementation of a number of efficiency measures:

Re-engineering of processing of applications

Ongoing efforts have been made to re-engineer the processing of applications more efficiently without adversely affecting the quality of the assessments. This has reduced the volume of cases requiring extensive investigation and enabled more timely assessment. Overall, this has increased the number of investigations completed within the prescribed timeframe.

Streamlined processing of renewals

Amendments made to the WWC Act in 2010 enabled faster processing of renewals. A single page pre-populated renewal form is now provided to applicants by the department. In addition the WWC Check card can now be used as proof of identity when applying to renew a WWC Check. As a result of these changes, renewal applications processed up to 31 July 2011, on average took five fewer days to process compared with new applications. Furthermore, in 2010, the department was able to negotiate a lower unit cost for processing renewals which resulted in significant cost savings.

Efficiency measures

Efficiency measures implemented to date, along with increased use of 'immediate' communication methods like telephone and email, have significantly improved processing times. In addition, there has been an associated reduction in resources and a reduction in operating costs of \$1.5 million per annum. However, as the majority of the costs of administering applications and renewals are demand driven, there is limited opportunity to further reduce these costs.

These measures have largely affected the average administration and processing costs incurred by the department per application (see figures 7, 8 and 9). Given these measures were only fully implemented by the end of the 2011-12 financial year, the average costs detailed below (for 2011-12) are expected to be lower under the proposed Regulations. For example, in 2011-12, the average administration and processing cost for a new employee WWC Check application was \$55.38 (46 per cent of the total cost of \$119.75). Whereas in 2014-15 this cost is expected to be \$44.16 (39 per cent of the total cost of \$112.89) which reflects the full implementation of all efficiency measures identified to date.

Unit costs

Unit costs of processing applications and renewals, and producing replacement cards were also estimated as part of the Activity Based Costing exercise. These unit costs comprise a portion of fixed costs (based on Full Time Equivalent (FTE) requirements) and variable costs (application capture, criminal record checks, card production and postage). The allocation of fixed costs varies by year depending on a number of factors such as the volume of applications processed, and the number of staff required to process them (FTE requirements).

Note that the actual cost of processing a specific application or renewal may vary depending on the extent of the investigation required to assess an applicant's suitability for working with children. While the majority of applications received can be processed easily, others may require more intensive investigation particular where the applicant has a criminal history or appeals the department's assessment. For example, based on 2010-11 data for employee applications, 93 per cent (56,771) were immediately cleared when processed, six per cent (3,901) required some further investigation of criminal record information and one per cent required particularly extensive investigation. Estimated costs incurred for these more extensive investigations ranged from a few hundred dollars to a few thousand dollars per application. For this reason, average unit costs of providing specific services were estimated.

The estimated average unit costs of processing new employee applications and renewals of WWC Checks are shown below (Figure 5 and Figure 6), as are the key tasks involved in processing an application (Figure 7, Figure 8 and Figure 9). The unit costs for each contracted service of application capture, card production and assessment notice production have not been provided due to reasons of commercial in confidence. Contracted services are publicly tendered and the value for money/cost efficiency of these contracts are considered at this time. The unit cost for externally contracted costs shown below is an aggregated figure of these services.

Figure 5: Average unit costs by employee application type

Service	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
New application - employee	\$119.75	\$102.47	\$109.37	\$112.89	\$118.79	\$119.09
Renewal - employee	\$103.73	\$85.89	\$92.21	\$95.13	\$100.41	\$100.07

Figure 6: Average unit costs

Employee applications & renewals	2012-13	2013-14	2014-15	2015-16
Average cost [^]	\$93.53	\$101.78	\$105.65	\$112.03
Expected fee [*]	\$100.24	\$102.75	\$105.31	\$107.95

[^] A weighted average based on the proportions of employee applications that are new or renewals.

^{*} Inflated by 2.5% per annum in keeping with the most recent indexation of a fee unit.

Figure 7: Method for deriving average unit costs

Activity	Method for deriving average unit cost (per year)
Application capture	Contract price per application/ renewal plus total credit card, display and archive fees divided by total number of applications and renewals processed.
Card production	Contract price per card produced.
Assessment notices	Contract price per assessment notice produced.
Administration & processing	Costs for activities (review and assessment, office administration, legal, management, operations, analytics, improvement and performance) which largely comprise salaries, on-costs and operating costs were assigned to specific services (new applications, renewals, card replacement) based on the overall proportion of time/ resources dedicated to each. These service costs were then divided by the total number of new applications/ renewals/ card replacements processed.
Criminal record check	Contract price per employee/ volunteer national criminal record check.
Postage	Total postage costs divided by total number of new applications, renewals and card replacements.
Police monitoring	Contract price divided by total number of new applications and renewals processed.

Figure 8: Service by task and average cost – new employee application 2011-12

New employee application	Av. cost	%	Tasks involved
External contracted services	\$38.68	33%	Receive application, check details are complete, check proof of identity documents, collect fee, forward application to government.
Application capture			Manufacture WWC Check card which includes photograph.
Assessment notices			
Card production			Prepare assessment notice/s.
Administration & processing	\$55.38	46%	Oversee application through each stage of processing, clarify and communicate WWC Check regulatory requirements, undertake further investigations, liaise with applicant and other relevant bodies, collect and protect data, communicate status of application, refer specific cases to higher authorities as necessary.
Criminal record check	\$23.00	19%	National criminal record check.
Postage	\$0.47	0%	
Police monitoring	\$2.22	2%	Monitor police records to identify any WWC Check holders charged with criminal activities.
Total cost	\$119.75		

Figure 9: Service by task and average cost – card replacement 2011-12

Card replacement	Av. cost	%	Tasks involved
External contracted services			
Letter production	\$2.41	20%	Card carrier production
Card production			Manufacture WWC Check card that includes photograph.
Administration & processing	\$9.45	77%	Processing of proforma requesting replacement card and helpline assistance as required.
Postage	\$0.47	3%	
Total cost	\$12.33¹⁸		

Differences in processing new applications and renewals arise from the different contractor costs for undertaking these activities. Streamlining of the renewal process by the WWC Check Unit has made it much simpler for applicants to apply for a renewal (as a pre populated form is provided) and for their identity to be checked as part of the 'application capture' process. As a result the cost of 'application capture' for a renewal is 50 per cent less than for a new application.

It should be noted in relation to figures 8 and 9, application capture, criminal record checks, the production of assessment notices and WWC Check cards, and ongoing police monitoring activities are all carried out by external contractors. The costs of undertaking these activities are similar across jurisdictions. Furthermore, the costs to be recovered by the proposed Regulations are considered 'efficient' as approximately 61 per cent of the costs associated with processing WWC Check applications and producing the WWC Check cards reflect the market price of the provision of application screening and card production services.

¹⁸ While it may appear that setting the fee for WWC Check card replacement at one fee unit (\$12.53 in 2012-13) slightly over recovers the costs of this activity, this is not the case. The average cost of replacing a WWC Check is expected to vary over the remaining four years of the regulations; however by 2014-15 the average cost is expected to be \$13.37 compared with the expected value of one fee unit of \$13.16. Calculating and adjusting the fee each year, is a costly exercise in itself and likely to increase the fee over time, therefore it is preferable to set the fee at one fee unit over the remaining life of the regulations.

Appendix 2 Proposed Regulations

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Working with Children Amendment (Fees) Regulations 2012

S.R. No.

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STATUTORY RULES 2012

Fifth Draft 28/8/2012

S.R. No.

Working with Children Act 2005

**Working with Children Amendment (Fees)
Regulations 2012**

The Governor in Council makes the following Regulations:

Dated:

Responsible Minister:

ROBERT CLARK
Attorney-General

Clerk of the Executive Council

1 Objective

The objective of these Regulations is to amend the Working with Children Regulations 2006 in order to change the prescribed fees relating to applications for working with children checks and revoke redundant provisions.

2 Authorising provision

These Regulations are made under section 49 of the **Working with Children Act 2005**.

3 Commencement

These Regulations come into operation on 1 January 2013.

4 Regulations 4 and 5 revoked

Regulations 4 and 5 of the Working with Children Regulations 2006 are **revoked**.

Working with Children Amendment (Fees) Regulations 2012

r. 5

S.R. No.

5 Application fees

In the Table in regulation 7 of the Working with Children Regulations 2006¹—

- (a) for "6.51" **substitute** "8";
- (b) for "1.49 fee units" **substitute** "1 fee unit".

6 Schedules 1 and 2 revoked

Schedules 1 and 2 to the Working with Children Regulations 2006 are **revoked**.

Working with Children Amendment (Fees) Regulations 2012

S.R. No.

Endnotes

ENDNOTES

¹ Reg. 5: S.R. No. 29/2006. Reprint No. 1 as at 21 August 2008.
Reprinted to S.R. No. 53/2008. Subsequently amended by
S.R. No. 119/2010.

Fee Units

These Regulations provide for fees by reference to fee units within the meaning of the **Monetary Units Act 2004**.

The amount of the fee is to be calculated, in accordance with section 7 of that Act, by multiplying the number of fee units applicable by the value of a fee unit.

The value of a fee unit for the financial year commencing 1 July 2012 is \$12.53. The amount of the calculated fee may be rounded to the nearest 10 cents.

The value of a fee unit for future financial years is to be fixed by the Treasurer under section 5 of the **Monetary Units Act 2004**. The value of a fee unit for a financial year must be published in the Government Gazette and a Victorian newspaper before 1 June in the preceding financial year.