

CHAPTER 10: DEPARTMENT OF JUSTICE**Key Findings of the Committee:**

- 10.1** The Department of Justice's budget allocation for 2004-05 was \$2,409.4 million, an increase of \$210.2 million from the expected outcome for 2003-04. Almost 50 per cent of the additional funding was allocated to Victoria Police.
- 10.2** The 2004-05 Budget for the Department of Justice includes \$8.5 million carried over from the previous year. The largest single item contributing to the carry over was funding of \$2.5 million for the Home Detention Program.
- 10.3** The Department of Justice's budgeted surplus of \$13.4 million in 2004-05 is almost entirely due to investment returns from trust funds, in particular the Victorian Property Fund.
- 10.4** The number of staff employed by the Department of Justice is expected to increase by more than 570 in 2004-05, with over 400 new staff expected to be employed at two new prisons.
- 10.5** The number of sworn police officers (including police recruits) is expected to increase by 205 by the end of 2004-05. Victoria Police will need to employ a further 192 sworn officers to meet the Government's target of 10,900 police officers by November 2006.
- 10.6** Despite several years elapsing since the Auditor-General raised the issue of auditing the non-judicial functions of courts, a protocol to guide arrangements has yet to be agreed between the key parties.
- 10.7** Construction costs for court complexes at Mildura, Warrnambool, Moorabbin and in the LaTrobe valley have been revised upwards by more than \$30 million, almost 50 per cent more than the initial planned cost for these projects.
- 10.8** Since the release of the 2004-05 Budget in May 2004, the budget of the Office of Public Prosecutions has increased by \$5.5 million (20.8 per cent) to implement a new asset confiscation regime and support the ongoing work of the Office, which had increased substantially as a result of the investigations by Victoria Police taskforces into organised crime. Further funding of \$6.6 million for the Office was announced in October 2004.

- 10.9** Revenue foregone in 2003-04 due to issues associated with a number of fixed safety camera installations has been estimated at around \$194 million, with an anticipated impact on revenue in 2004-05 of \$20.2 million.
- 10.10** During 2001-2003 \$4.5 million in grants has been provided to 108 VicSES units and 119 CFA brigades to assist in the acquisition of ancillary safety and rescue equipment valued at more than \$10 million.
- 10.11** The rate of recidivism in Victoria (the proportion of prisoners returning to corrective services within two years of release or completion of a community based order) declined in 2002-03, after several years of showing an upward trend.
- 10.12** An earlier forecast of prisoner numbers predicted that the prison population would be higher than the actual outcome at April 2004. During 2004-05 the estimated number of prisoners will initially decline before reverting to their former level.
- 10.13** Targeted efforts by Consumer Affairs Victoria to increase awareness and protection of consumer rights for Indigenous Victorians have resulted in a significant increase in the number of contacts between Indigenous consumers and Consumer Affairs Victoria.
- 10.14** The Gambling Research Panel has made slow progress in publishing its research plan and commissioned research reports.
- 10.15** The ongoing integrity and viability of the racing industry in Victoria is under threat from off-shore and cross-border betting activities. In the absence of a unified national approach, it will remain very difficult to attempt to control off-shore betting exchanges which use the Internet.

Departmental review

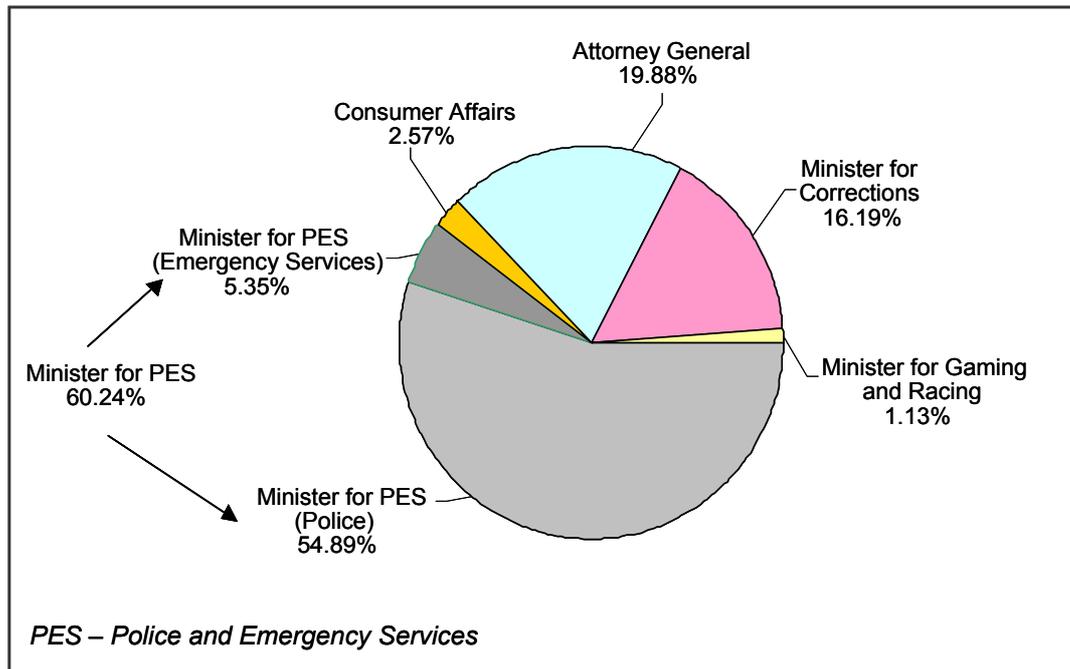
10.1 Departmental overview

The Department of Justice supports the ministerial portfolios of Police and Emergency Services; Corrections; Attorney General; Consumer Affairs; Gaming; and Racing.¹

The Police and Emergency Services portfolio outputs account for most of the Department of Justice's budgeted expenditure in 2004-05 (see exhibit 10.1).

¹ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, pp.2-3

**Exhibit 10.1: Department of Justice
Output costs**



Source: Hon. A. Haermeyer, MP, Minister for Corrections, presentation to the Committee's 2004-05 Budget Estimates hearing, 21 May 2004

10.1.1 Key challenges for the department in 2004-05

The Department of Justice faces a number of major challenges in 2004-05 including implementing strategies to build on recent achievements in lowering reported crime rates and recidivism by former prisoners.

The Committee noted a number of specific risks relevant to the Department of Justice and its portfolio agencies including:²

- implementation of Corrections Long Term Management Strategy – Corrections Victoria must meet a number of targets to reduce the growth in prisoner numbers;
- management of Asset Management Program – significant asset investment programs must be delivered on time and on budget;
- co-ordination of Industrial Relations Issues – industrial agreements outside the Government's wages policies carry significant budget risk for the department;
- resolution of road safety cameras and enforcement revenue matters – delays in resolution of these matters may undermine the achievement of the Government's road safety targets;

² *ibid.*, pp.5-6

- review of Gaming Licenses – requires effective management of all stakeholder expectations and high level analysis of gambling industry developments in the context of the Government’s objectives;
- delivery of services through outsourcing partnerships, including effective delivery of computer aided dispatch and management of major procurements by the Bureau of Emergency Services Telecommunications; and
- unfunded cost pressures – unfunded cost pressures are a risk to future sustainability of priority programs and services.

10.1.2 Key factors influencing the budget estimates

The Committee noted that the Department of Justice’s estimates for the 2004-05 financial year have been influenced by forecasts of changes to demand for services, feedback from community and population surveys, new policy implementation requirements and funding for new programs.³

Areas in which the department has indicated higher levels of demand in 2004-05 include calls for assistance in matters of personal and public safety (9 per cent), moving early offenders away from the criminal justice system into counselling programs (4.9 per cent), matters disposed in the Children’s Court (7.4 per cent) and infringements processed by the PERIN court (6.1 per cent).⁴

The 2004-05 Budget includes an allocation of \$42.1 million in 2004-05 for asset initiatives included as part of the Government’s 2002 pre-election commitments.⁵ Only one pre-election commitment relating to the Department of Justice portfolios – mobile police facilities (total estimated investment \$2.5 million) – is yet to receive funding.⁶

³ *ibid.*, p.5

⁴ Budget Paper No. 3, *2004-05 Service Delivery*, pp.153–178

⁵ *ibid.*, p.47

⁶ *ibid.*, p.49

10.2 Output management framework

Except for the Gaming and Racing Industry Management output, where responsibility is shared between the Minister for Racing and the Minister for Gaming, the Committee notes that there is no other shared ministerial responsibility for Department of Justice outputs.⁷

10.3 Budget summary/financial analysis

The Department of Justice's budget allocation for 2004-05 was \$2,409.4 million, representing an increase of \$210.2 million compared to the estimated actual result for 2003-04 (see exhibit 10.2).

⁷ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, pp.2-3

**Exhibit 10.2: Department of Justice
Output group costs**

	Column 1	Column 2	Column 3	Column (3-2)/2
Output group	2003-04 Budget	2003-04 Estimated Actual	2004-05 Budget	Variation (a)
	(\$ million)	(\$ million)	(\$ million)	(%)
Public Safety Policy	9.7	15.9	20.1	26.4
Emergency Prevention and Response	91.8	92.5	108.7	17.5
Reducing the Crime Rate	572.9	580.0	626.7	8.1
Reducing the Road Toll and Incidence of Road Trauma	119.2	120.7	130.4	8.0
High levels of Community Perceptions of Safety	466.2	472.5	510.1	8.0
High Levels of Customer Satisfaction	50.6	51.1	55.3	8.2
Enforcing Correctional Orders	328.6	323.7	390.1	20.5
Legal Support for Government	43.5	48.0	46.1	-4.0
Dispensing Justice	286.6	287.3	297.5	3.6
Enforcing Court Orders	118.6	115.0	124.2	8.0
Achieving Equal Opportunity	10.5	11.1	11.1	0.0
Protecting Consumers	55.3	54.8	61.9	13.0
Regulating Gaming and Racing	23.7	26.6	27.2	2.3
Total	2,177.2	2,199.2	2,409.4	9.6

Note: (a) A negative variance indicates that the 2004-05 budget has decreased compared with the 2003-04 estimated actual outcome

Source: Budget Paper No. 3, 2004-05 Service Delivery, pp.153–178

Almost 50 per cent of additional funding in the Department of Justice's 2004-05 Budget was allocated to outputs delivered by Victoria Police.⁸ Higher levels of funding to Victoria Police are due to output initiatives costing \$42.3 million in 2004-05⁹ and \$35.1 million in salary funding for Victoria Police arising from the 2001 police enterprise bargain agreement.¹⁰

⁸ *ibid.*, pp.39–44

⁹ Budget Paper No. 3, 2004-05 Service Delivery, p.291

¹⁰ Budget Paper No. 4, *Statement of Finances 2004-05*, p.72

10.3.1 Operating performance

In 2004-05, the Department of Justice budgeted to receive \$2.4 billion in revenue for its controlled operations, largely in line with budgeted expenditure and more than 9 per cent higher than in 2003-04 (see exhibit 10.3). The department advised the Committee that it does not budget for a deficit and has not run a deficit since full accrual accounting was introduced in 1998-99. The surplus budgeted for in 2004-05 arises solely from controlled trust funds (in particular the Estate Agents' Guarantee Fund – now Victorian Property Fund).¹¹

**Exhibit 10.3: Department of Justice
Statement of financial performance**

	Column 1	Column 2	Column 3	Column (3-2)/2
	2003-04 Budget	2003-04 Estimated Actual	2004-05 Budget	Variation (a)
	(\$ million)	(\$ million)	(\$ million)	(%)
Controlled items				
Operating revenue	2,191.7	2,217.5	2,423.1	9.3
Operating expenses	2,177.6	2,199.3	2,409.8	9.6
Net result	14.1	18.2	13.4	-26.4
Administered items				
Administered revenue	2,215.5	1,975.2	2,128.2	7.7
Administered expenses	2,180.7	1,951.4	2,092.9	7.3
Surplus/Deficit	34.7	23.8	35.3	48.3

Note: (a) A negative variance indicates that the 2004-05 budget has decreased compared with the 2003-04 estimated actual outcome

Source: Budget Paper No. 4, 2004-05 Statement of Finances, pp.74, 77

The Department of Justice advised the Committee of the following reasons for major variations between the expected position in 2003-04 and the budgeted position in 2004-05:¹²

- operating revenue – the increase primarily reflects funding for initiatives commenced in previous budgets and the 2004-05 Budget (\$189.6 million) and general cost of living escalation funding under the Departmental Funding Model (\$21.6 million); and
- operating expenses – most of the increase is related to a \$105 million (8.4 per cent) rise in employee benefits, higher payments to suppliers (\$55.3 million) and a \$23.5 million increase in the capital assets charge due to a periodic asset revaluation (adding \$12.2 million), with the remainder resulting

¹¹ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.23

¹² *ibid.*, pp.18–20

directly from depreciation associated with increased capital program expenditure in recent years and planned capital program expenditure in 2004-05.

The Committee noted the major movement on the Administered Items Statement for the Department of Justice is an anticipated decrease in revenue of \$87.3 million from the 2003-04 Budget, as a combined result of a decrease in anticipated traffic camera and on-the-spot fines, and a decrease in the level of anticipated revenue from electronic gaming machines.¹³ This results in a corresponding decrease in payments to the Consolidated Fund.¹⁴ The Department of Justice advised the Committee that the restoration of a more normal pattern of infringements is expected in 2004-05, resulting in an increase in 2004-05 fine revenue of \$116.9 million.¹⁵

10.3.2 Balance sheet performance

At 30 June 2005, the Department of Justice expects to control assets valued at \$1.9 billion, an increase of 20.3 per cent from the anticipated result in 2003-04 (see exhibit 10.4).

¹³ Budget Paper No. 4, *2004-05 Statement of Finances*, p.73

¹⁴ *ibid.*

¹⁵ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.22

**Exhibit 10.4: Department of Justice
Statement of financial position**

	Column 1	Column 2	Column 3	Column (3-2)/2
	2003-04 Budget	2003-04 Estimated Actual	2004-05 Budget	Variation
	(\$ million)	(\$ million)	(\$ million)	(%)
Controlled items				
Controlled assets	1,581.7	1,560.5	1,876.6	20.3
Controlled liabilities	510.7	510.5	534.1	4.6
Net assets	1,071.0	1,049.9	1,342.5	27.9
Administered items				
Administered assets	375.9	365.0	400.3	9.7
Administered liabilities	125.4	125.4	125.4	0.0

Sources: *Budget Paper No. 4, 2004-05 Statement of Finances, p.77; Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.32*

The department advised the Committee of the following reasons for major variations between the expected position in 2003-04 and the budgeted position in 2004-05:¹⁶

- current assets – increase of \$22.6 million in the expected holdings of the Estate Agents' Guarantee Fund (now called the Victorian Property Fund);
- non-current assets – the increase of \$274.7 million in the value of property, plant and equipment. The major projects contributing to the increase include the prison expansion program (\$30 million in 2004-05), the metropolitan mobile radio project (\$24 million in 2004-05), the Latrobe Valley Police and Courts Complex (\$10 million in 2004-05), the police stations construction program (\$17.8 million in 2004-05) and the Mildura Court House (\$7 million in 2004-05);¹⁷ and
- current liabilities – the increase of \$25.2 million largely reflects the impact on superannuation and leave provisions of a net addition of more than 775 employees in 2004-05.¹⁸

¹⁶ *ibid.*, p.33

¹⁷ *ibid.*, p.35

¹⁸ *ibid.*, pp.15–17

10.3.3 Carry over funding

At the time of preparation for the 2004-05 Budget, the Department of Justice expected to carry forward \$17.4 million of unspent appropriations from the previous year, comprising \$2.5 million for the provision of outputs and \$14.9 million for additions to the net asset base.¹⁹

In response to questioning by the Committee during the estimates hearings and in follow-up questions to the Ministers, the carry over funding for the department had been revised down to \$8.453 million,²⁰ with most of this funding relating to the initiatives in the Attorney-General's portfolio including:²¹

- delayed payments for the Integrated Courts Management System (\$1.6 million);
- funding for the development of the asset confiscation computer system and implementation of amendments to the Confiscation Act (\$1.4 million);
- implementation cost of the Wotjabaluk native title agreement (\$600,000); and
- implementation of a computer system for the Sentencing Advisory Council (\$520,000).

The Committee noted that the carry over funding for the Corrections portfolio included provisions for:²²

- home detention (\$2.5 million);
- evaluation of the Corrections Long Term Management Strategy (\$600,000); and
- expansion of the bail support program (\$300,000).

10.4 Human resources issues

The Department of Justice advised the Committee that as at 30 June 2004 it expected to have 5,419 full-time equivalent staff, excluding statutory appointments such as Judges, Magistrates and Members of Tribunals (see exhibit 10.5).

¹⁹ Budget Paper No. 4, *2004-05 Statement of Finances*, p.171

²⁰ Attorney-General's response to the Committee's follow-up questions, pp.6–7

²¹ *ibid.*

²² Minister for Corrections' response to the Committee's follow-up questions, p.4

**Exhibit 10.5: Department of Justice
(excluding Victoria Police) (a)
Equivalent Full Time Staff**

	June 2003 Actual	June 2004 Estimate	June 2005 Estimate
Ongoing staff			
Non-executive departmental staff (b)	n/a	3,197	3,410
Departmental executive officers	n/a	0	0
Custodial officers	n/a	940	1376
Sub total (c)	n/a	4,136	4,786
Fixed term staff			
Non executive departmental staff (b)	n/a	463	437
Departmental executive officers	n/a	73	72
Custodial officers	n/a	172	126
Sub total (c)	n/a	707	634
All staff (c)			
Non-executive departmental staff (b)	3,515	3,658	3,845
Departmental executive officers	69	73	72
Custodial officers	1,094	1,112	1,501
Total (c)	4,677	4,842	5,419

Notes: (a) Excludes statutory appointees such as Judges, Magistrates and VCAT members
 (b) Includes former VPS and new VPS classifications and the department's medical and legal officer classifications
 (c) Total may differ due to rounding
 n/a Not available

Source: Department of Justice response to the Committee's Budget Estimates Questionnaire 2004-05, pp.15-16

The Committee noted that almost 70 per cent of the estimated increase in staffing in 2004-05 is related to the commencement of operations at two new prisons (net of anticipated transfers from the de-commissioning of existing prisons).²³

The department advised the Committee that further additional staff were associated with resourcing for new major projects and an intake of Sheriff and PERIN officers to assist with the delivery of road safety initiatives.²⁴ The Committee noted that of these

²³ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, pp.15-16

²⁴ *ibid.*

additional 180 staff, over 70 per cent were expected to be employed at a classification level below VPS grade 4.²⁵

The Committee noted that staffing levels at Victoria Police were expected to increase from an estimated 12,820 full-time equivalent staff in 2003-04 to 13,018 staff in 2004-05 (see exhibit 10.6).

**Exhibit 10.6: Victoria Police
Equivalent Full Time Staff**

	June 2003 Actual	June 2004 Estimate	June 2005 Estimate
Ongoing staff			
Sworn police officers	n/a	10,338	10,472
Recruits	n/a	0	0
Reservists	n/a	17	15
Protective Security Officers	n/a	138	133
Executive officers	n/a	0	0
Forensic officers	n/a	133	133
Administration	n/a	1,721	1,721
Sub total (a)	n/a	12,348	12,475
Fixed term staff/casual staff (b)			
Sworn police officers	n/a	12	11
Recruits	n/a	153	225
Reservists	n/a	0	0
Protective Security Officers	n/a	0	0
Executive officers	n/a	13	13
Forensic officers	n/a	19	19
Administration	n/a	276	276
Sub total (a)	n/a	472	543

²⁵ *ibid.*

Exhibit 10.6 – continued

All staff			
Sworn police officers	10,277	10,350	10,483
Recruits	91	153	225
Reservists	20	17	15
Protective Security Officers	141	138	133
Executive officers	12	13	13
Forensic officers	141	152	152
Administration	1,993	1,997	1,997
Total (a)	12,675	12,820	13,018

Notes: (a) Total may differ due to rounding

(b) Casual staff are only employed in administration functions. In both 2003-04 and 2004-05, 20 staff are expected to be employed on a casual basis

n/a Not available

Source: Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.17

The increase in staff numbers for Victoria Police is primarily due to new police recruits. The department advised the Committee that the net result of recruitment and loss through separation and conversion will be 10,503 full-time police and recruits at the end of June 2004.²⁶

The Committee noted that the wages cost for police would be significantly affected by a large number of police officers who are presently at constable rank qualifying for senior constable by June 2005.²⁷ The total number of constables (including those ranked at senior constable) is expected to increase by 228. However, the ratio between those ranked at constable and senior constable is expected to change from about 1:3 to about 1:9 over the year to June 2005.²⁸

The Committee notes the Government met its 1999 election commitment to provide 800 additional police during its first term of office. A commitment to a further 600 additional police was made as part of the 2002 election.²⁹

The Minister advised the Committee that the Government's target was to have a police force of 10,900 sworn officers, on an equivalent full-time basis by the end of this term of Government³⁰ (see exhibit 10.7).

²⁶ *ibid.*, p.17

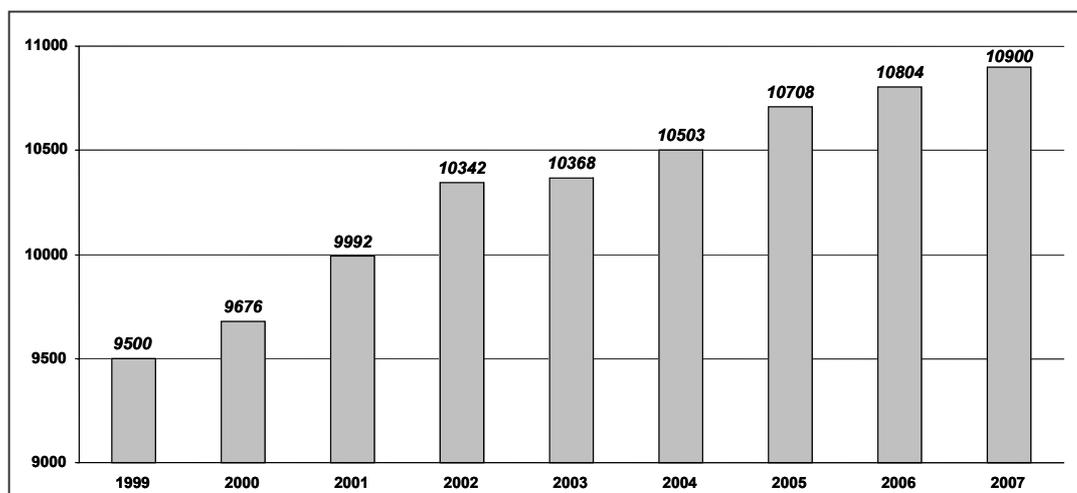
²⁷ *ibid.*

²⁸ *ibid.*

²⁹ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, transcript of evidence, 21 May 2004, p.8

³⁰ Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.4

**Exhibit 10.7: Police and police recruits
Equivalent Full Time**



Sources: Victoria Police, Annual Report 2002-03 and previous years; Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.3; Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.17

To meet this target Victoria Police adjusted recruitment intakes to take account of the numbers of departures:³¹

we have to take into account the number who leave the organisation every year, and we were losing somewhere between 800 and 900 a year back in 1999 – that is, nearly 1 in every 10 police officers was leaving the organisation, which is an appallingly high attrition rate. It is now about 1.5 per cent per annum, which is a very low attrition rate. In some of the mid to late months of last year we had as few as 50 police leaving a month, and our projections in terms of attrition were a bit higher than that, so to ensure that our net annual intake was on target we had to slow down our recruiting rates.

Based on current projections, Victoria Police will need to recruit around 190 staff, excluding recruitment to replace police leaving Victoria Police, to meet the Government's target of 10,900 sworn police officers by November 2006.

The Committee noted that Victoria Police's WorkCover premium was \$60.8 million for 2002-03 and \$66 million for 2003-04.³² The Department of Justice advised the Committee that an early estimate for the premium in 2004-05 was \$57 million, which would be dependent on final claims review and remuneration declaration at the end of June/early July 2004.³³

³¹ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, transcript of evidence, 21 May 2004, p.15

³² Department of Justice response to the Committee's 2002-03 Budget Outcomes questionnaire, p.12; Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.3

³³ Minister for Police and Emergency Services' response, to the Committee's follow-up questions, p.3

The Committee welcomes this anticipated improvement in workers compensation premium costs in 2004-05.

The two most significant categories of workers compensation claims identified by the Police Commissioner were stress related claims and sprains and strains.³⁴ The Minister advised the Committee that the rate of increase of stress related leave for Victoria Police has abated and he expects that proactive strategies to address stress issues will see a decrease in forthcoming years.³⁵ The Committee noted that Victoria Police was currently working on a number of prevention strategies around stress including:³⁶

- supportive leadership training;
- mediation and conflict resolution training;
- implementation of the issue resolution project; and
- prevention and management of psychological injuries.

The Committee noted that reporting of occupational health and safety (OHS) performance in Victoria Police's 2002-03 Annual Report did not provide sufficient information to assess the effectiveness of strategies to address specific types of workplace injuries.³⁷ The Committee believes that Victoria Police should adopt a more detailed OHS reporting framework to specifically identify the effectiveness of current programs in managing claims in its two most significant categories – stress related claims and sprains and strains.

³⁴ Chief Commissioner C. Nixon, transcript of evidence, 21 May 2004, p.14

³⁵ Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.3

³⁶ *ibid.*

³⁷ Victoria Police, *2002-03 Annual Report*, p.59

The Committee recommends that:

Recommendation 100: **Victoria Police adopt a broader Occupational Health and Safety reporting framework that specifically identifies its progress in addressing its most significant areas of workers compensation claims.**

Review of Portfolios

10.5 Attorney-General's portfolio

Several outputs under the Attorney-General are delivered by several agencies, including the Victorian Electoral Commission, Office of the Privacy Commissioner, Victorian Law Reform Commission, Victoria Legal Aid, Office of Public Prosecutions, Equal Opportunity Commission, Victorian Institute of Forensic Medicine, the Office of the Public Advocate and six courts.³⁸

Outputs delivered directly by the Department of Justice account for around 6.7 per cent of expenditure in the Attorney-General's portfolio.³⁹ The operations of the six courts (Supreme Court, County Court, Magistrates' Court, Children's Court, Coroner's Court and the Victorian Civil and Administrative Tribunal) account for 43 per cent of expenditure in the portfolio.⁴⁰

10.5.1 2004-05 outlook for the portfolio

The Attorney-General released a *Justice Statement* on 27 May 2004 detailing the key strategic directions to be pursued by the department over the next ten years, including a specific work program for the next five years.⁴¹

The statement contains 25 major initiatives and a range of minor projects including:⁴²

- reviewing and replacing key legislation such as the *Crimes Act 1958*, *Evidence Act 1958* and the *Bail Act 1977* by 2007;
- implementing recommendations from the Sentencing Review 2002 and investigating the introduction of express statutory discounts for guilty pleas;
- developing agreed models for managing court resources;

³⁸ Department of Justice, *2003-04 Annual Report*, p.128

³⁹ Budget Paper No. 3, *2004-05 Service Delivery*, pp.161–178

⁴⁰ *ibid.*

⁴¹ Department of Justice, *New directions for the Victorian justice system 2004-2014*, Executive Summary, p.2

⁴² *ibid.*, pp.11–14

- developing a strategic facilities plan for the construction of future court houses; and
- working with the courts to overhaul the civil rules of procedure to reduce court delays, streamline litigation processes and improve consistency between jurisdictions.

The Attorney-General advised the Committee that the Justice Statement, when fully implemented, will have a significant impact on the efficiency and effectiveness of the legal and courts system in Victoria.⁴³

The Committee noted that the initiatives outlined in the statement have widely differing impacts and resourcing needs which are currently being assessed in the department's policy development and implementation planning.⁴⁴ The department anticipated that many of the initiatives can be developed and implementation commenced within existing output resource allocations, with resources reprioritised from elsewhere within the department's overall budget, or from other funding sources available to the portfolio.⁴⁵ There are several key initiatives that will require additional funding consideration through the Government's annual expenditure review budget process.⁴⁶

In conjunction with the preparation of the Justice Statement, Victoria's courts developed a Court Strategic Directions Statement, which was released in early September 2004⁴⁷

The Courts Strategic Directions Statement outlined a number of new developments and challenges occurring within and external to the justice system which, in the opinion of the Courts, are likely to have a major bearing on the future workloads and requirements of the court system.⁴⁸ As part of the statement, the Courts also reviewed important judicial reforms within other jurisdictions that could provide opportunities to enhance the efficiency and effectiveness of the court and tribunal system.⁴⁹

The Committee noted that the Courts Strategic Directions Statement contained 27 recommendations including:⁵⁰

- existing court facilities and the facilities for the legal profession and court support agencies should be reviewed and maintained at an appropriate level;
- the Courts and the Victorian Civil and Administrative Tribunal (VCAT) should develop a meaningful set of indicators, which have regard to their respective

⁴³ Attorney-General's response to the Committee's follow-up questions, p.8

⁴⁴ *ibid.*

⁴⁵ *ibid.*

⁴⁶ *ibid.*

⁴⁷ Courts Consultative Council, Courts Strategic Directions Project, 2 September 2004

⁴⁸ *ibid.*, p.2

⁴⁹ *ibid.*

⁵⁰ *ibid.* pp.151–155

roles and functions. Consideration should be given to those developed for the Magistrates' Court in 2001 and the experience of those measures; and

- a working party should be formed to identify complex and uncertain areas of law frequently dealt with by the Courts and VCAT, particularly those which add to the length and cost of litigation, and to develop a strategy and program to enable the problem to be addressed.

Output initiatives in the 2004-05 Budget relating to the Attorney-General's portfolio will cost approximately \$8.4 million in 2004-05 (\$34.1 million over four years to 2007-08).⁵¹ The initiatives are:⁵²

- expansion of the Aboriginal Justice Agreement (\$2.9 million in 2004-05 and a total of \$12.7 million over four years to 2007-08) – to expand the existing Aboriginal Justice Agreement and implement a range of new initiatives including men's diversion and Koori court programs to reduce the over representation of Kooris in the criminal justice system;
- maintaining confidence in the legal system (\$3 million in 2004-05 and a total of \$12.3 million over four years to 2007-08) – additional funding to continue the Court Referral for Evaluation and Drug Intervention Treatment and Criminal Justice Diversion Program; and
- private security reform (\$2.5 million in 2004-05 and a total of \$9 million over four years to 2007-08) – proposed legislation to reform the private security industry is expected to apply to approximately 6,000 additional licensees and registrants.

10.5.2 Analysis of the budget

The 2004-05 Budget for the output group for which the Attorney-General has responsibility is \$478.9 million, an increase of \$17.5 million (3.8 per cent) from the expected outcome for 2003-04 (see exhibit 10.8).

The Committee noted that most of the increased funding for 2004-05 is for the Traffic Fines Processing output (\$9.5 million rise) and the Matters in the Magistrates' Court output (\$8 million rise).⁵³ The increase for the Traffic Fines Process output is mainly related to the expected carry over of approximately \$6 million which will be required to meet costs in 2004-05 following the completion of speed camera rectification.⁵⁴

In relation to the Magistrates' Court, the department advised the Committee that the additional funding comprised:⁵⁵

⁵¹ Budget Paper No. 3, *2004-05 Service Delivery*, pp.291–293

⁵² *ibid.*

⁵³ *ibid.*, pp.161–178

⁵⁴ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.30

⁵⁵ *ibid.*, pp.29–30

- \$3 million in additional funding for the Criminal Justice Diversion Program and the Court Referral for Evaluation and Drug Intervention and Treatment Program;
- \$2.4 million in additional depreciation and capital asset charge expenses arising from recent and planned new court construction;
- \$2 million in increased remuneration and employee entitlement costs; and
- \$600,000 for the Family Violence jurisdiction of the Magistrates' Court;

**Exhibit 10.8: Attorney-General's Portfolio
Output costs**

Output Group	Outputs under the responsibility of the Attorney-General	2004-05 Budget (\$ million)
Legal Support for Government	Legal Policy	5.1
	Law Reform	2.1
	Legal Advice to Government	13.5
	Privacy Regulation	1.7
	Native Title Framework	2.9
	State Electoral Roll and Elections	20.8
Sub total		46.1
Dispensing Justice	Public Prosecutions	26.5
	Forensic Evidence	15.0
	Matters in the Supreme Court	36.1
	Matters in the County Court	57.9
	Matters in the Magistrates' Court	77.2
	Matters in the Children's Court	8.7
	Matters in the Coroner's Court	5.9
	Matters in the Civil and Administrative Tribunal	24.4
	Alternative Dispute Resolution	1.4
	Legal Aid	35.2
	Victims Support	9.2
Sub total		297.5
Enforcing Court Orders	Traffic Fines Processing	85.6
	Enforcement of Court Orders and Warrants	36.4
	Asset Confiscation Order Processing	2.2
Sub total		124.2
Achieving Equal Opportunity	Discrimination Prevention and Redress	5.2
	Advocacy and Guardianship	5.9
Sub total		11.1
Total cost		478.9

Source: Budget Paper No. 3, 2004-05 Service Delivery, pp.161–171,177–178

10.5.3 Performance measures

The Department of Justice refined several performance measures in the 2004-05 Budget relating to the Attorney-General's output groups, with three measures discontinued and eight new measures introduced. The basis for assessing one client satisfaction measure also changed.⁵⁶

Three of the eight new measures were in the Discrimination and Redress output and were intended to replace a single measure of customer satisfaction. The department advised the Committee that the three specific measures based on service type (education services, enquiries and complaint resolution) would enhance analysis of improvement opportunities.⁵⁷ The Committee considers the new measure represents an improvement on the performance information used previously. However, the Committee believes that the Department of Justice needs to continue to report more broadly in its annual report on activities undertaken for its separate areas of responsibility.

The Committee recommends that:

Recommendation 101: The Department of Justice report more broadly in its annual report on the outcomes for the consolidated quality and timeliness performance measures in the 2004-05 Budget for the department.

The Committee noted that the Victims Support output included three new performance measures to reflect the transition from the Victims Referral and Assistance Service to the newly formed Victims Support Agency.⁵⁸ A revised client satisfaction measure was also developed to support the introduction of the new service model.⁵⁹ The Committee supports these changes, which it believes will provide a better basis for assessing the quantity and quality of the different services delivered by the Victims Support output.

⁵⁶ *ibid.*, p.12; Budget Paper No. 3, 2004-05 Service Delivery, pp.345-346

⁵⁷ *ibid.*

⁵⁸ Budget Paper No. 3, 2004-05 Service Delivery, p.169

⁵⁹ *ibid.*

10.5.4 Key issues impacting on the portfolio

The department's response to the Committee's questionnaire and the estimates hearing identified several issues that will impact on the 2004-05 Budget Estimates for the Attorney-General's portfolio.

(a) Assessing the effectiveness of the Aboriginal Justice Agreement

The 2004-05 Budget included an additional \$12.7 million over four years to 2007-08 (\$2.9 million in 2004-05) to expand the existing Aboriginal Justice Agreement and implement a range of new initiatives, including men's diversion and Koori court programs, to reduce over-representation of Kooris in the criminal justice system.⁶⁰

The Aboriginal Justice Agreement was launched by the Premier in May 2000 and sets out a framework to:⁶¹

- address the ongoing issue of Aboriginal over-representation within all levels of the criminal justice system;
- improve Aboriginal access to justice related services; and
- promote greater awareness in the Aboriginal community of their civil, legal and political rights.

Recent data indicated that over the last three years the average annual growth rate for alleged Indigenous offenders processed by Victoria Police is now the same as that for non-Indigenous offenders, sitting at 1.3 per cent.⁶²

The Committee noted that to date, some of the Agreement's initiatives have been evaluated or evaluations are currently underway including a review of the Community Initiatives Program, an evaluation of two Koori Courts and a review of the Aboriginal Community Justice Panels.⁶³ The department is also undertaking a review of the implementation of the recommendations of the 1991 Final Report of the Royal Commission into Aboriginal Deaths in Custody.⁶⁴

The Committee was interested to learn that a full evaluation of the Aboriginal Justice Agreement was being planned for 2004-05.⁶⁵ The evaluation will review the effectiveness of the Agreement in meeting its objectives, summarise the status of all

⁶⁰ *ibid.*, p.291–294

⁶¹ Hon. S. Bracks, MP, Premier of Victoria, media release, *Premier launches Aboriginal Justice Agreement*, 31 May 2000; Department of Justice, *Victorian Aboriginal Justice Agreement*, February 2004 (reprint), p.5

⁶² Attorney-General's response to the Committee's follow-up questions, p.3

⁶³ *ibid.*

⁶⁴ *ibid.*

⁶⁵ *ibid.*

the Agreement's initiatives and make recommendations to enhance the implementation of the Agreement and its objectives.⁶⁶

The Department of Justice advised that an evaluation and monitoring function would be developed in the Indigenous and Diversity Unit of the department in 2004-05.⁶⁷ In conjunction with the evaluation of the Agreement, performance benchmarks and indicators and a monitoring framework for the Agreement would be developed.⁶⁸ The Committee believes that regular public reporting of progress against these benchmarks and indicators will provide an important basis for assessing the effectiveness of initiatives implemented under the Agreement.

The Committee welcomes the department's evidence based assessment of initiatives implemented under the Aboriginal Justice Agreement. The Committee looks forward to reviewing the results of the full evaluation.

(b) Auditing non-judicial functions of Victorian Courts

In 1996, the former Auditor-General decided not to transmit a performance audit report to the Parliament on the Children's Court. The Auditor-General's decision was based on a legal opinion by the Solicitor-General provided by the department of Justice on the evening prior to the intended tabling of the report in Parliament which explicitly stated that, as the scope of the audit was beyond the jurisdiction of the Auditor-General under the *Audit Act* 1994, there was no scope to table the report in Parliament.⁶⁹

The advice of the Solicitor-General to the Auditor-General was largely based on the principle of non-interference by the legislative and executive arms of government with the functioning of the judicial arm, which is derived from the doctrine of separation of powers under the Westminster system.⁷⁰

The Department of Justice believed that a broadening of the Auditor-General's powers to conduct performance audits in the Supreme Court, County Court, Magistrates' Court or the Victorian Civil and Administrative Tribunal had the potential to undermine the principle of the separation of powers.⁷¹

The Committee agrees with the view of the former Auditor-General that the Victorian situation with respect to the audit of non-judicial functions of courts is very much the exception rather than the rule within Australian states and territories.⁷² The Committee noted several examples in other jurisdictions where the Auditor-General had examined non-judicial functions of the courts, for example:

⁶⁶ *ibid.*

⁶⁷ *ibid.*

⁶⁸ *ibid.*

⁶⁹ Auditor-General Victoria, *Report on Ministerial Portfolios*, May 1999, p.208

⁷⁰ *ibid.*, p.209

⁷¹ *ibid.*, p.216

⁷² *ibid.*, p.214

- Commonwealth (May 2004) – performance audit examining client service in the Family Court of Australia and the Federal Magistrates Court;⁷³
- New South Wales (September 1999) – performance audit examining the management of court waiting times;⁷⁴
- Western Australia (November 1996 and October 2002) – performance examination of management in the Magistrates’ Court and the management and effectiveness of restraining orders;⁷⁵ and
- Australian Capital Territory (May 1996 and November 1998) – performance audit reviewing the effectiveness and efficiency of the recording and collection of court fines and a performance audit examining Magistrates Court bail processes.⁷⁶

The current Auditor-General noted in a May 2000 performance audit on State Trustees’ administration of discharging its responsibilities that the issue relating to the audit of non-judicial functions remained unresolved:⁷⁷

In my recent discussions with the Department of Treasury and Finance and the Public Accounts and Estimates Committee regarding the proposed program for implementing legislative changes to the Audit Act, I emphasised the pressing necessity for this long-standing matter concerning my capacity to examine non-judicial matters within courts and tribunals to be resolved. I am seeking the active support of the Parliament in this regard to enact appropriate legislative provisions.

The Committee was interested to learn whether any progress had been made on this issue. The department of Justice advised the Committee that the department of Treasury and Finance and the Auditor-General’s Office have supported a process which would see the implementation of a protocol arrangement with the Courts, which would enable the restricted access of the Auditor-General to the Courts. Although a final protocol has still not been adopted, the matter was still under active consideration of the Courts Consultative Council.⁷⁸

⁷³ Australian National Audit Office, *Client service in the Family Court of Australia and the Federal Magistrates Court*, Audit Report No.46 2003-04, May 2004

⁷⁴ Audit Office of New South Wales, *Order in the Court: Management of Court waiting times*, September 1999

⁷⁵ Office of the Auditor-General Western Australia, *Management of the Magistrates’ Court*, Report No. 8, November 1996; *A Measure of Protection: Management and Effectiveness of Restraining Orders*, Report No. 5 October 2002

⁷⁶ ACT Auditor-General’s Office, *Magistrates Court Bail Processes*, November 1998; *Collection of Court Fines*, May 1996

⁷⁷ Victorian Auditor-General’s Office, *Represented persons: Under State Trustees’ administration*, Performance Audit Report 63, May 2000, p.28

⁷⁸ Attorney-General’s response to the Committee’s follow-up questions, p.9

The Committee strongly believes that the Auditor-General should have total independence in determining the scope and processes required to audit the administrative systems and processes of the courts.

The Committee recommends that:

Recommendation 102: **As a matter of priority, the Department of Justice develop a framework that provides the Auditor-General with total independence to audit the administrative systems and processes of the Courts.**

(c) *Timeliness of annual reporting by the Courts*

All Victorian courts prepare publicly available annual reports on their operations. The requirements for doing so are generally different from other public sector agencies, which are typically derived from the *Financial Management Act* 1994 which require annual reports to be tabled in Parliament within four months following the end of the relevant financial year (or the next sitting day).⁷⁹

Requirements for the preparation of annual reports by the Courts are included in their establishing legislation and typically provide for the annual submission of a ‘review of operations’ to the Governor.⁸⁰ Only the Children’s Court has a specified timeframe for finalising the annual review report, which must be submitted to the Governor as soon as practicable after the end of the financial year, but no later than 31 October.⁸¹

The Committee notes that one exception to providing a review of operations to the Governor is the Victorian Civil and Administrative Tribunal (VCAT), which is required to submit an annual report to the Attorney-General not later than 30 September, after which the Attorney-General must table the report in Parliament within 14 sitting days.⁸²

The department advised the Committee that the annual reports of the various Courts, incorporating the review of operations, are tabled in Parliament when they become available.⁸³ Although there is no legislative requirement for these annual reports to be tabled in Parliament (with the exception of VCAT), following the Governor receiving a report it is sent to the Attorney-General. In accordance with a longstanding convention, the reports are then tabled at the request of the Attorney-General and are not publicly released prior to tabling.⁸⁴

⁷⁹ *Financial Management Act* 1994, Part 7

⁸⁰ *Supreme Court Act* 1986, s.28; *Magistrates’ Court Act* 1989, s.15; *County Court Act* 1958, s.87

⁸¹ *Children and Young Persons Act* 1989, s.14A

⁸² *Victorian Civil and Administrative Tribunal Act* 1998, ss. 37

⁸³ Attorney-General’s response to the Committee’s follow-up questions, p.10

⁸⁴ *ibid.*

A review of the Votes and Proceedings of the Legislative Assembly and Legislative Council by the Committee revealed the timing for the tabling in Parliament of annual reports for several courts over the past two years has varied from year-to-year and between courts:

- Council of Magistrates, Report for 2001-02 – 8 April 2003 (Legislative Assembly);
- Council of Magistrates, Report for 2002-03 – 10 June 2004 (Legislative Council);
- County Court, Report for 2001-02 – 20 April 2004 (Legislative Assembly). The Committee noted that this report was provided to the Governor on 12 May 2003;⁸⁵
- Supreme Court, Report for 2001 – 5 June 2003 (Legislative Assembly);
- Supreme Court, Report for 2002 – 27 November 2003 (Legislative Assembly). The Committee noted that the report was provided to the Governor on 8 September 2003;⁸⁶
- Children’s Court, Report for 2001-02 – 18 March 2003 (Legislative Assembly). The Committee noted that this report was provided to the Governor on 25 October 2002;⁸⁷
- Children’s Court, Report for 2002-03 – 10 June 2004 (Legislative Council). The Committee notes that this was more than 7 months later than the deadline specified for provision of the report to the Governor under s.14A of the *Children and Young Persons Act 1989*;⁸⁸
- Victorian Civil and Administrative Tribunal, Report for 2001-02 – 26 February 2003 (Legislative Assembly); and
- Victorian Civil and Administrative Tribunal, Report for 2002-03 – 20 November 2003 (Legislative Assembly).

As at 22 September 2004, the only Court which did not publish its latest annual report on its website was the Children’s Court, for which the latest annual report available was for 2001-02.⁸⁹ The latest report for the County Court was for 2001-02, which was consistent with the latest report presented to Parliament.⁹⁰

The Committee recognises that the state election in late 2002 may have affected the tabling of some Court annual reports in Parliament. However, the Committee notes that for some Courts a significant period of time elapses between the tabling of the

⁸⁵ County Court of Victoria, *Annual Report 2001-02*, www.countycourt.vic.gov.au, accessed 10 August 2004, p.1

⁸⁶ Supreme Court of Victoria, *Judges Annual Report 2002*, p.2

⁸⁷ Children’s Court, *Annual Report 2001-02*, www.childrenscourt.vic.gov.au, accessed 10 August 2004, p.3

⁸⁸ Victorian Parliament Hansard, 10 June 2004, p.1764

⁸⁹ Children’s Court, *Annual Report 2001-02*, www.childrenscourt.vic.gov.au, accessed 22 September 2004

⁹⁰ County Court of Victoria, *Annual Report 2001-02*, www.countycourt.vic.gov.au, accessed 10 August 2004

report in Parliament and the period to which the report relates. The elapsed time is generally greater than for other Victorian public sector agencies. In the case of the County Court, the review of operations for 2002-03 is not available more than 13 months after the period to which it relates.

While the Committee recognises that the separation of powers principle underpins the relationship between Parliament, the Judiciary and the Government, the Committee believes that reducing the delays in making Court annual reports publicly available will enhance the transparency and accountability for their administrative and financial operations, notwithstanding that the Auditor-General cannot currently provide an opinion on the administrative systems of Courts. Improving the public accountability of Courts is especially important given the significant investments that the Government has made in recent years in information technology to improve the efficiency of court operations.

The Committee encourages the Department of Justice to work with the Courts to improve the annual reporting processes to ensure that the annual review of their operations is publicly available in a more timely manner, including reviewing current arrangements relating to making the reports publicly available on the Internet as soon as an annual report is tabled in the Parliament.

The Committee recommends that:

Recommendation 103: **The Department of Justice liaise with the Courts to improve the timeliness of tabling the annual reports of the Courts in Parliament, with a view to the Courts adopting the same reporting timeframe as public sector agencies.**

(d) Court construction costs

The department advised the Committee in its response to the 2004-05 Budget Estimates questionnaire that the total estimated investment (TEI) for several court construction projects had been revised upwards:⁹¹

- Warrnambool Court House – revised from \$8.8 million to \$15.5 million reflecting increased site acquisition costs due to the negotiation of an 18 month lease to allow the former tenant to leave the site;
- Mildura Court House – revised from \$9.7 million to \$16.7 million resulting from a number of factors including delays in securing and occupying the preferred site, improved court facilities with an emphasis on court support services and a buoyant construction industry, particularly in regional Victoria;
- Moorabbin Court Complex – revised from \$18 million to \$28.2 million. The original cost was for construction only. Additional funding for site acquisition and design was subject to evaluation reports. The revised cost includes the site and design costs based on the approved site; and
- Latrobe Valley Police and Courts Complex – revised from \$27.5 million to \$34 million reflecting higher than expected tenders for the project due to a buoyant local construction market.

The Committee was concerned as to how the additional funds required to complete these projects would be made available. The department advised the Committee that the revised TEI amounts have been approved through the Cabinet Expenditure Review Committee process and the Department of Treasury and Finance has fully funded the additional costs.⁹² The Committee noted that there was no asset initiative in the Budget Papers allocating additional funds to these projects⁹³ and intends to follow-up on how the additional funds were provided (such as via a Treasurer's Advance, transfers between outputs) in its 2003-04 Budget Outcomes report.

The Committee noted the funding for the Warrnambool and Mildura Court house Projects was initially provided in 2000-01, with a forecast completion date of December 2003.⁹⁴ In December 2003, the revised completion date for these two projects was September 2004.⁹⁵ Funding for the LaTrobe Project was allocated in the 2001-02 Budget with an estimated completion date of July 2004, which has been

⁹¹ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, pp.35–36

⁹² Attorney-General's response to the Committee's follow-up questions, p.9

⁹³ Budget Paper No. 3, *2004-05 Service Delivery*, p.294

⁹⁴ Budget Paper No. 2, *2000-01 Budget Statement*, p.272; Department of Justice response to the Committee's 2002-03 Budget Outcomes questionnaire, p.31

⁹⁵ Department of Justice response to the Committee's 2002-03 Budget Outcomes questionnaire, p.31

subsequently revised to December 2005.⁹⁶ The Moorabbin Court Project was funded in the 2003-04 Budget with construction not expected to commence until 2004-05.⁹⁷

While it is acknowledged that each of the court house construction projects is complex, the Committee believes that the extended period of time that has elapsed since some of these projects were announced (and the consequent increases in budgeted costs), reflects poorly on initial project planning by the Department of Justice given that some of the reasons advanced for delays could have been reasonably foreseen.

In its 2002-03 Budget Outcomes report the Committee recommended that the department review the adequacy of existing infrastructure project management frameworks with a view to improving the timelines of its asset investment program.⁹⁸ The Committee will be interested in the department's response to this recommendation, due to be tabled in Parliament later this year, as to what action the department intends to take to improve its project management performance.

(e) Additional resources for the Office of Public Prosecutions

The Office of Public Prosecutions prepares and conducts proceedings in the High Court, Supreme Court, County Court, and Magistrates' Court on behalf of the Director of Public Prosecutions.⁹⁹

In the 2004-05 Budget, the operations of the Office of Public Prosecutions, which are included in the Public Prosecutions output, were estimated to cost \$26.5 million, a \$500,000 rise from the budgeted cost in 2003-04 and \$100,000 higher than the expected outcome in 2003-04.¹⁰⁰

The Committee noted that the workload of the Office of Public Prosecutions had been 12.7 per cent higher than expected in 2003-04, with an additional 6,500 matters prepared for proceedings and attendance at court.¹⁰¹ At the time of preparing the 2004-05 Budget, the workload of the Office was expected to return to levels expected in 2003-04.¹⁰²

Following the release of the 2004-05 Budget on 4 May 2004, the Committee noted that significant additional funding was provided to the Office of Public Prosecutions:

⁹⁶ Budget Paper No. 2, *2001-02 Budget Statement*, p.257; Department of Justice response to the Committee's 2002-03 Budget Outcomes questionnaire, p.32

⁹⁷ Budget Paper No. 2, *2003-04 Budget Statement*, p.237; Budget Information Paper No. 1, *Public Sector Asset Investment Program*, p.51

⁹⁸ Public Accounts and Estimates Committee, *Report on the 2002-03 Budget Outcomes*, 56th Report, April 2004, p.316

⁹⁹ Budget Paper No. 3, *2004-05 Service Delivery*, p.164

¹⁰⁰ *ibid.*

¹⁰¹ *ibid.*

¹⁰² *ibid.*

- \$3 million over three years to implement a new asset confiscation regime;¹⁰³ and
- additional annual funding of \$2.5 million to support the ongoing work of the Office of Public Prosecutions, which had increased substantially as a result of the investigations by Victoria Police taskforces into organised crime.¹⁰⁴

The Committee noted that the Office of Public Prosecutions 2002-03 Annual Report included detailed information relating to its activities.¹⁰⁵ The Committee suggests the Office include appropriate performance indicators in future annual reports to allow an assessment of the outcomes resulting from the additional resources provided.

The Committee noted that in October 2004 the Premier announced that the Office of Public Prosecutions would receive a further \$6.64 million to support major criminal trials.¹⁰⁶

The Committee recommends that:

Recommendation 104: **The Office of Public Prosecutions include in its annual report appropriate indicators to allow an assessment of the outcomes that result from the additional resources provided to the Office.**

(f) *Service demand strategies for the Office of the Public Advocate*

The 2004-05 Budget included additional funding of \$500,000 compared to the 2003-04 Budget (but unchanged from the expected result for 2003-04) to support the Office of the Public Advocate in its role as statutory guardian of last resort for adults with disabilities.¹⁰⁷ The Committee noted the Public Advocate expected a 4 per cent growth in guardianship services in 2004-05 without a corresponding increase in resources.¹⁰⁸

The Department of Justice advised the Committee that the Office of the Public Advocate had a number of diversionary strategies to respond to the expected rise in guardianship cases.¹⁰⁹ These include:¹¹⁰

¹⁰³ Hon. S. Bracks, MP, Premier of Victoria, media release, *New powers to tackle underworld crime*, 25 May 2004

¹⁰⁴ Hon. B. Cameron, MP, Acting Attorney-General, media release, *\$2.5 million funding boost for Office of Public Prosecutions*, 29 June 2004

¹⁰⁵ Office of Public Prosecutions, *Annual Report 2002-03*, pp.20–31

¹⁰⁶ Hon. S. Bracks, MP, Premier of Victoria, Victoria Parliament Weekly Hansard, 6 October 2004, p.706

¹⁰⁷ Budget Paper No. 3, *2004-05 Service Delivery*, pp.177–178

¹⁰⁸ *ibid.*

¹⁰⁹ Attorney-General's response to the Committee's follow-up questions, p.9

¹¹⁰ *ibid.*

- the office provides ongoing information and education to the Victorian community on the appropriate use of guardianship. This occurs through publications, website, speaking to groups and the use of media;
- providing timely advice and assistance to family members, service providers and people with a disability about other ways of resolving issues without having to seek the appointment of a guardian;
- providing advocacy to individuals as a way of improving their life circumstance and minimising the need for a guardian to be appointed before an application is made;
- providing advocacy assistance and advice to parties appearing before VCAT in order to resolve issues without having to appoint a guardian;
- the investigation of applications made to VCAT is another key way in which the office seeks to minimise the inappropriate appointment of guardians; and
- the growth in guardianship cases concerning a person with an acquired brain injury is an area the office will investigate further through a study of these cases.

While these diversionary strategies may limit new applications for statutory guardianship, there will still be an increase in expected workload of the Office of the Public Advocate.

The increase in the number of guardianship cases has put increasing pressure on the capacity of the Office of the Public Advocate to devote sufficient resources to these diversionary strategies. It has also been necessary for the Office to implement more resource management strategies including:¹¹¹

- combining three separate program areas into one. This has required the multi skilling of staff in order for them to respond to a greater diversity of cases, whether they are advocacy, investigations or guardianship. This has broadened the capacity of the Office to respond to a greater number of guardianship cases; and

¹¹¹ *ibid.*

- adopting a case closure strategy to ensure that cases are brought back before the tribunal for revocation promptly once the need for guardianship ceases. The office has an internal closure rate of 50 per cent to ensure that overall case numbers do not reach unmanageable levels.

The Committee is aware that the Office of the Public Advocate's 2002-03 annual report includes a range of indicators that measure the demand for services including advice, guardianship and advocacy services.¹¹² However, the Committee believes that a more balanced reporting framework should be developed that includes the quality and timeliness of services provided.

The Committee acknowledges the efforts that the Office of the Public Advocate has made to prepare for the expected increase in guardianship services in 2004-05. The Committee believes that the office and the Department of Justice need to closely monitor the implementation of the strategies to ensure that service quality and the timeliness of intervention are not compromised.

The Committee recommends that:

Recommendation 105: **The Office of the Public Advocate and the Department of Justice closely monitor and report in their respective annual reports on the effectiveness of strategies to manage increased guardianship caseloads, including the quantity, quality and timeliness of services provided.**

10.6 Police and Emergency Services portfolio

The output groups that the Minister for Police and Emergency Services is responsible for are delivered by several agencies (see exhibit 10.9). The services delivered by Victoria Police account for around 60 per cent of the budget of the Department of Justice.¹¹³

¹¹² Office of the Public Advocate, *Annual Report 2002-03*, pp.12–40

¹¹³ Budget Paper No. 3, *2004-05 Service Delivery*, pp.153–160

**Exhibit 10.9: Police and Emergency Services Portfolio
responsibility for output groups**

Output group	Responsible agency
Public Safety Policy	Department of Justice
Emergency Prevention and Response (Statewide Emergency Services output)	Department of Justice
Emergency Prevention and Response (Metropolitan Fire and Emergency Services output)	Metropolitan Fire and Emergency Services Board
Emergency Prevention and Response (Country Fire Authority output)	Country Fire Authority
Reducing the Crime Rate	Victoria Police
Reducing the Road Toll and Incidence of Road Trauma	Victoria Police
High Levels of Community Perceptions of Safety	Victoria Police
High Levels of Customer Satisfaction	Victoria Police

Source: *Public Accounts and Estimates Committee, Report on the 2002-03 Budget Outcomes, 56th Report, April 2004, pp.322–333*

Statewide management of emergency services is coordinated by the Office of the Emergency Services Commissioner, which is part of the Department of Justice. The Emergency Services Commissioner is also responsible for supporting the Minister for Police and Emergency Services as Co-ordinator in Chief of Emergency Management, and Chair of the Victoria Emergency Management Council.¹¹⁴

10.6.1 2004-05 outlook for the portfolio

The last two budgets have provided significant additional funding to Victoria Police, which has been directed to the settlement of wage agreements, the employment of additional police officers, information technology upgrades and the construction of new police stations.¹¹⁵ In 2004-05, the Department of Justice and Victoria Police will continue to implement a range of initiatives including increasing the number of police officers.

¹¹⁴ Department of Justice, Business Units: Office of the Emergency Services Commissioner, <http://www.justice.vic.gov.au/>

¹¹⁵ Budget Paper, No. 2, *2002-03 Budget Statement*, pp.196–198; Budget Paper No. 2, *2003-04 Budget Statement*, pp.232–236

The 2003-04 Budget included increased funding for government-wide security and counter terrorism initiatives¹¹⁶ and the 2004-05 Budget provides a further \$31.3 million over five years for this purpose.¹¹⁷ Initiatives in 2004-05 include the provision of protective equipment for personnel, mobile lighting towers for emergency service organisations and specialist forensic equipment to assist with post-incident investigations.¹¹⁸

During 2004-05 the Department of Justice and Emergency Services Agencies will also be involved in a range of activities to improve the state's response to bushfires. As well as providing additional funding to replace and upgrade fire fighting equipment,¹¹⁹ the County Fire Authority and the Metropolitan Fire and Emergency Services Board will work with other organisations to improve planning and co-ordination activities.¹²⁰

Output initiatives in the 2004-05 Budget relating to the Police and Emergency Services portfolio will cost \$49.5 million in 2004-05 (\$146 million over four years to 2007-08).¹²¹ The Committee was informed that this does not include funding set aside for new information technology services to Victoria Police. Further details on the cost of these services will be published following a tender process.¹²² The major initiatives include:¹²³

- Victoria Police additional funding (\$39.3 million in 2004-05 and \$112.2 million over four years to 2007-08) – to meet the objectives of its five-year strategic plan : *The Way Ahead*;
- increasing police forensic capacity (\$3 million in 2004-05 and \$14.4 million over four years to 2007-08);
- water safety program (\$2.5 million in 2004-05 and \$10.2 million over four years to 2007-08) – to continue the water safety campaign *Play it Safe by the Water* and to provide support to volunteer lifesaver bodies; and
- upgrade of the State Emergency Service call centre at Tally Ho (\$300,000 in 2004-05 and \$1.2 million over four years to 2007-08) – for operational expenses associated with increasing the number of computer aided dispatch and training workstations.

The 2004-05 Budget included asset initiatives relating to the Police and Emergency Services portfolio with a combined total estimated investment (TEI) of \$22.4 million, with \$16.9 million expected to be spent in 2004-05.¹²⁴ Most of the additional funds

¹¹⁶ Budget Paper No. 2, *2003-04 Budget Statement*, pp.201–203

¹¹⁷ Budget Paper No. 3, *2004-05 Service delivery*, pp.268–269

¹¹⁸ *ibid.*

¹¹⁹ *ibid.*

¹²⁰ Department of Premier and Cabinet, *Victorian Government Response to the Report of the Inquiry into the 2002-2003 Victorian Bushfires*

¹²¹ Budget Paper No. 3, *2004-05 Service Delivery*, pp.291–294

¹²² *ibid.*, p.293

¹²³ *ibid.*, pp.291–294

¹²⁴ *ibid.*

(\$14.8 million in 2004-05 and \$20.4 million to 2007-08) relate to the construction, site acquisition and planning processes for police stations at Carlton/North Melbourne, Cranbourne, Mildura, Springvale, Torquay and 14 rural stations across the State.¹²⁵

These commitments build on an existing asset investment program in the Police and Emergency Services portfolio, which had a total estimated investment of around \$360 million in 2003-04.¹²⁶ Expenditure on this existing program is expected to be \$55.5 million in 2004-05.¹²⁷

10.6.2 Analysis of the budget

The 2004-05 Budget for the output group for which the Minister for Police and Emergency Services has responsibility is \$1,451.3 million, an increase of \$118.6 million (8.9 per cent) from the expected outcome for 2003-04 (see exhibit 10.10).¹²⁸

The Committee noted that most of the \$118.6 million increase in output costs for the Police and Emergency Services portfolio was directed to the Diversion and Community Support Program output (\$32 million), the Investigating Crimes output (\$31 million) and the Police Court and Custody Services output (\$15.7 million).¹²⁹

¹²⁵ *ibid.*

¹²⁶ Department of Justice response to the Committee's 2002-03 Budget Outcomes questionnaire, pp.26–34

¹²⁷ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.49

¹²⁸ Budget Paper No. 3, *2004-05 Service Delivery*, pp.153–160

¹²⁹ *ibid.*

**Exhibit 10.10: Police and Emergency Services Portfolio
Output costs**

Output group	Outputs under the responsibility of the Minister for Police and Emergency Services	2004-05 Budget (\$ million)
Public Safety Policy	Crime and Violence Protection	5.1
	Emergency Readiness Support	15.0
Sub total		20.1
Emergency Prevention and Response	Metropolitan Fire and Emergency Services	26.9
	Country Fire Authority	45.9
	Statewide Emergency Services	35.9
Sub total		108.7
Reducing the Crime Rate	Investigating Crimes	416.0
	Police Court and Custody Services	210.7
Sub total		626.7
Reducing the Road Toll and Incidence of Road Trauma	Targeting Driver Behaviour	130.4
	Responding to Calls for Assistance	75.1
High Levels of Community Perceptions of Safety	Diversion and Community Support Programs	435.0
Sub total		510.1
High levels of Customer Satisfaction	Community Confidence in Policing Services	23.7
	Partnership Policing	31.6
Sub total		55.3
Total		1,451.3

Source: Budget paper No. 3, 2004-05 Service Delivery, pp.153–178

10.6.3 Performance measures

In the 2004-05 Budget Papers only minor changes were made to performance measures in the Police and Emergency Services portfolio outputs. These include the rewording of a number of performance measures relating to outputs delivered by Victoria Police, discontinuing two measures and the inclusion of one new measure.

Two performance measures discontinued in the 2004-05 Budget were:¹³⁰

- *SES customer satisfaction* (Statewide Emergency Services output) – The department noted that the methodology used in calculating this measure does not provide a reliable indication of customer satisfaction. Large scale events such as 1 in 10 years or 1 in 100 years are distorted through lower satisfaction levels which are given a lower response priority during such significant events. The department stated that a new measure of overall satisfaction will be developed for 2005-06 to replace both SES customer satisfaction and municipal customer satisfaction levels. The Committee noted that the expected outcome in 2003-04 was 55 per cent against a target of 75 per cent; and
- *Priority 1 calls taken and dispatched within 160 seconds – metro* (Responding to Calls for Assistance output) – The expected outcome in 2003-04 was 90 per cent against a target of 80 per cent.¹³¹ A new timeliness measure for the output – average attendance time for priority one events (minutes) – was included in 2004-05.¹³²

The Department of Justice advised the Committee that the definitions of some performance measures relevant to Victoria Police outputs have been broadened to include whole of police force activity levels.¹³³ This applies to the output – Reducing the Crime Rate (the number of major drug investigations), and the output – Targeting Driver Behaviour output (the number of heavy vehicle operations and alcohol screen tests).¹³⁴ The department indicated that the adjustment to the 2004-05 targets for these measures was attributed to an improved counting methodology which more accurately reflects the level of activity.¹³⁵

In the 2003-04 Budget there were significant changes to the structure of the Police and Emergency Services output structure and performance measures, particularly those relating to Victoria Police.¹³⁶ Changes included discontinuing all non-financial measures and the introduction of measures which were focused on activities.¹³⁷

While no further significant changes were made to Victoria Police's outputs in the 2004-05 Budget, the titles of several measures were refined (see exhibit 10.11). Some of these changes made to matters investigated make it clearer that the measures are related to the incidence of different types of offences, rather than the activity of *investigating* offences as the previous titles for some of these measures suggested.

¹³⁰ *ibid.*, pp.345–347

¹³¹ *ibid.*, p.345

¹³² *ibid.*, p.159

¹³³ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.4

¹³⁴ *ibid.*

¹³⁵ Budget Paper No. 3, *2004-05 Service Delivery*, p.158

¹³⁶ Public Accounts and Estimates Committee, *Report on the 2003-04 Budget Estimates*, 54th Report, September 2003, p.322

¹³⁷ Public Accounts and Estimates Committee, *Report on the 2002-03 Budget Outcomes*, 56th Report, April 2004, pp.328–332

**Exhibit 10.11: Police and Emergency Services outputs
Revised performance measures**

2003-04 Output performance measure	2004-05 Revised performance measure
Household burglaries investigated Car thefts investigated Crimes against the person investigated Crimes against the person resolved Crimes against the person resolved within 30 days	Household burglaries recorded Car thefts recorded Offences against the person recorded Offences against the person resolved Offences against the person resolved in 30 days

Sources: *Budget Paper No. 3, 2003-04 Budget Estimates, p.214; Budget Paper No. 3, 2004-05 Service Delivery, p.156*

While some of these changes appear to be subtle, the Committee considers that there is a distinct difference between the *recording* of offences and the activity of *investigating* offences, with the latter clearly related to how police resources are utilised. The Committee intends to further examine this issue as part of its 2003-04 Budget Outcomes report.

The Committee notes that several of the current performance measures include elements that are demand related (such as the measure '*events responded to*' in the Responding to Calls for Assistance output) and some measures that are directly related to pro-active policing efforts (such as the measure '*alcohol screening tests conducted*' in the Targeting Driver Behaviour output).¹³⁸

In some cases there are indirect links between demand driven and pro-active policing efforts. The Minister for Police explained to the Committee that these links exist, particularly in relation to specific types of offences:¹³⁹

¹³⁸ Budget Paper No. 3, *2004-05 Service Delivery*, pp.156–160

¹³⁹ Hon. A. Haermeyer, Minister for Police and Emergency Services, transcript of evidence, 21 May 2004, p.17

In respect to the family violence and sexual assault figures, there is a very high tendency, by women in particular, not to make reports. This is often because of fear, whether it is the fear of loss of financial security, whether it is loss of face or whether it is the fear that they might have to go through the whole ordeal again in the courts. What we are trying to do is firstly to encourage people out in the field to better identify where family violence is taking place – that is, teachers, police officers, and community workers; to better identify – and then to provide ways in which the victims will be more comfortable about reporting the crime that has been perpetrated against them.

The Committee accepts that where there is a high level of under-reporting of crimes such as domestic violence, efforts by police to encourage reporting and provide assistance to victims will most likely result initially in increases in reported offences. In these situations it becomes incumbent upon the police to quantify the impact of efforts to encourage reporting so as to reassure the community that increased reporting of these offences does not translate to an overall increase in domestic violence. Notwithstanding this aspect, there would also be an expectation over time that with concentrated efforts to report domestic violence, the real level of domestic violence in the community should begin to decrease.

The Committee considers that where practical, annual reports of Victoria Police should include figures on the incidence of the various categories of crime over a number of years relative to population increases in order that trends can be better analysed. Some commentary should also be provided about the causes of the trends.

The Committee notes that in a national context, the Productivity Commission in its *2004 Report on Government Services* indicated that ‘*it has proved difficult to develop efficiency indicators due to the absence of agreed output measures*’.¹⁴⁰ The Productivity Commission suggested a number of indicators that may be considered as efficiency indicators for a number of policing activities including:¹⁴¹

- cost of response service/calls received – a measure of the efficiency of communications operations;
- cost of domestic violence/domestic violence victims – a measure of the efficiency of police domestic violence services;
- cost of response service/(weighted) calls attended – a measure of the efficiency in response capability; and
- cost of targeted street patrols/weighted actions – a measure of the efficiency in public order.

¹⁴⁰ Steering Committee for the Review of Government Service Provision, *Report on Government Services 2004*, January 2004, p.5.67–5.68

¹⁴¹ *ibid.*

The Committee sought information from the Department of Justice on Victoria Police's performance in 2003-04 using the hours-based measures discontinued in 2002-03 and was advised that Victoria Police no longer collects data measuring the allocation of police hours to different police activities.¹⁴²

The Committee believes that although the current performance measures used by Victoria Police are a substantial improvement on previous measures, they do not provide a balanced assessment of performance, especially in relation to examining the 'efficiency' aspects of policing services as identified by the Productivity Commission.

The Committee encourages the Department of Justice and Victoria Police to continue to work with other jurisdictions to develop and report on efficiency indicators for policing services. In the longer term, key efficiency measures should be contained in future Budget Papers.

The Committee recommends that:

Recommendation 106:

Victoria Police:

- (a) develop and report on a range of police services efficiency measures;**
- (b) continue to work within national frameworks to develop comparable efficiency indicators for police services; and**
- (c) include in its annual report trend data over several years along with commentary on the various crime categories.**

10.6.4 Key issues impacting on the portfolio

The department's response to the Committee's questionnaire and the estimates hearing with the Minister identified several issues that will impact on the Police and Emergency Services portfolio and the Budget Estimates for 2004-05.

¹⁴² Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.8

(a) Outsourcing of information technology for Victoria Police

In February 1999, Victoria Police entered into an outsourcing contract with IBM Australia Limited for an initial five years, with provision for two optional one year extensions.¹⁴³

The Auditor-General recently highlighted several issues in Victoria Police's management of an information technology outsourcing contract with IBM including:¹⁴⁴

- a more active oversight role for Victoria Police's internal audit function;
- the late appointment of a probity auditor for the tender process and reporting by the auditor to a third party rather than an officer who had overall management responsibility for the outsourcing project;
- full public release of the complete contract with IBM (in accordance with the policy of the Victoria Government Purchasing Board) had yet to occur;
- weaknesses in the performance management framework; and
- the need for procedures for verification of invoiced services submitted to the provider.

The Auditor-General noted that the base value in the 1999 contract for a six year term was \$151.5 million.¹⁴⁵ After including cost variations of \$85 million and a separate \$3 million contract entered into with IBM Australia Limited for the network audit and design project, the estimated costs as at February 2003 were \$239.5 million.¹⁴⁶

In February 2003, after considering a submission from Victoria Police and advice from the Department of Justice, the Minister for Police and Emergency Services approved a one year extension to the contract period from February 2004 to February 2005.¹⁴⁷ A decision to extend the contract was based on advice given to the Minister by Victoria Police (and supported by the Department of Justice), that retendering of the contract could not be done thoroughly within the remaining period of the contract.¹⁴⁸

In March 2004, the Minister for Police and Emergency Services announced that a tender would be issued shortly for Victoria Police's information technology system, which was expected to be finalised by February 2006.¹⁴⁹ The Committee understands that preliminary milestones for the tender included calling for expressions of interest

¹⁴³ Auditor-General Victoria, *Report on Public Sector Agencies: Results of special reviews*, May 2003, p.42

¹⁴⁴ *ibid.*, pp.42–60

¹⁴⁵ *ibid.*, p.55

¹⁴⁶ *ibid.*, p.55

¹⁴⁷ *ibid.*

¹⁴⁸ *ibid.*, p.58

¹⁴⁹ Hon. A. Haermeyer, Minister for Police and Emergency Services, media release, *New police IT contract to be in place in February 2006*, 19 March 2004

in June 2004, undergoing an evaluation process during August 2004 and issuing a request for proposals in September 2004.¹⁵⁰

The Committee is concerned about these developments and believes that this outsourcing contract represents a potential key risk area for Victoria Police – in terms of both cost and quality of service – particularly in light of the importance that it has placed on the use of information technology to support ‘intelligent policing’ as outlined in its strategic plan.¹⁵¹

The Committee raised this matter with the Department of Justice and was advised a three tiered governance structure had been established as part of a joint project between Victoria Police, the Department of Premier and Cabinet and the Department of Treasury and Finance.¹⁵² Strategies adopted include:¹⁵³

- the establishment of an interdepartmental steering committee – including senior representatives from Victoria Police and the two departments, and chaired by Victoria Police;
- the appointment of a project management team – comprising suitably qualified staff and independent contractors/consultants;
- the appointment of a Victoria Police working group – comprising representatives from Victoria Police Department and each region as required; and
- the establishment of specialist working groups as required comprising independent contractors/consultants and/or suitably qualified staff.

The Committee was advised that project management processes at Victoria Police have also improved following the Auditor-General’s recent performance audit and now included.¹⁵⁴

- the appointment of a probity advisor and legal adviser from the outset for the duration of the project, with an independent line of reporting to the steering committee. The probity auditor reports independently to the Victoria Police Audit Committee;
- the project forms part of the Gateway Review process to provide experienced independent experts to review projects at key decision points, ensuring better capital investment outcomes and to improve the procurement process for major asset investment projects;
- lessons learnt from previous projects have been incorporated into the strategies adopted for tracking the progress of new projects; and

¹⁵⁰ *ibid.*

¹⁵¹ Victoria Police, *The Way Ahead: Strategic plan 2003-2008*, p.10

¹⁵² Minister for Police and Emergency Services’ response to the Committee’s follow-up questions, p.6

¹⁵³ *ibid.*, p.7

¹⁵⁴ *ibid.*

- the adoption of a project management framework (Prince2) that was developed by the United Kingdom's Office of Government Commerce.¹⁵⁵

The Department of Justice also advised the Committee that Victoria Police had appointed a Chief Information Officer who is currently reviewing contract management and governance structures to ensure Victoria Police has appropriate management practices in place for more effective ongoing management.¹⁵⁶

The current extension to the original IBM contract expires in February 2005. The Department of Justice reassured the Committee that a project plan with adequate time contingency has been developed to ensure any required transition can take place before the contract with IBM expires.¹⁵⁷

The Committee recommends that:

Recommendation 107: Victoria Police and the Department of Justice closely monitor developments associated with tendering arrangements for information technology outsourcing to ensure that a further extension to the current contract is not required.

The Auditor-General noted that the full public release of the contract had not been finalised by May 2003, with only a one page summary included on the Victorian Government Purchasing Board's contracts publishing system website.¹⁵⁸ A check by the Committee at the end of July 2004 found that this was still the case, despite the Victorian Government Purchasing Board's policies requiring all contracts over the value of \$10 million to be disclosed in full, subject to the application of the exemption criteria in the *Freedom of Information Act 1982*.¹⁵⁹ The Committee believes that the department and Victoria Police need to work with the current contractor to rectify this situation and make these requirements clear to tenderers, in advance of finalising future contract arrangements.

The Committee recommends that:

Recommendation 108: The Department of Justice ensure that the details of the Victoria Police IBM outsourcing contract are released in accordance with the Victorian Government Purchasing Board's policy.

¹⁵⁵ Office of Government Commerce, Introduction to Prince2, www.ogc.gov.uk/prince/about_p2/about_intro.htm#whatis_p2, accessed 23 July 2004

¹⁵⁶ Minister for Police and Emergency Services response to the Committee's follow-up questions, p.7

¹⁵⁷ *ibid.*

¹⁵⁸ Auditor-General Victoria, *Report on Public Sector Agencies: Results of special reviews*, May 2003, p.49

¹⁵⁹ *ibid.*; The relevant website for listing of the Victoria Police IT outsourcing contract is www.contracts.vic.gov.au/major/vicpolice_itoutsourcing.htm, Accessed 29 July 2004

Given the history of the outsourcing contract, whereby the initial cost estimate of \$151.5 million became at least \$240 million primarily due to poor contract management,¹⁶⁰ the Department of Justice has substantially improved the probity and project management processes associated with the outsourcing of large contracts. However, despite the actions taken, the department must closely monitor the new arrangements to ensure that contractual obligations are met in a timely and efficient manner and that the department and Victoria Police do not encounter any further unforeseen or emerging risks, which could potentially delay the achievement of the new directions in ‘intelligent policing’ outlined in the Victoria Police Strategic Plan.

The Committee acknowledges the efforts the Department of Justice and Victoria Police have committed to the tender process. The Committee believes that when the new contract commences it will be essential that the arrangements are monitored to ensure that the services delivered under the contract are in accordance with expectations.

The Committee recommends that:

Recommendation 109: **Victoria Police and the Department of Justice closely monitor the implementation of the new information technology contractual arrangements, including costs to ensure that they meet performance expectations.**

¹⁶⁰ Auditor-General Victoria, *Report on Public Sector Agencies: Results of special reviews*, May 2003, p.42

(b) Speed cameras

In November 2003, Victoria Police responded to public uncertainty over the accuracy of some speed cameras by suspending the processing of fixed camera speeding penalties to allow the entire network to be tested.¹⁶¹ The process of testing the cameras was initially considered to take between four and six weeks.¹⁶²

The Government's response to uncertainty over the continued operation of speed cameras and the reimbursement of fines and demerit points was announced in May 2004. Some of the key aspects included:¹⁶³

- infringements issued up until 12 November 2003 on City Link and the Monash Freeway will stand;
- all infringements on the Western Ring Road, City Link and the Monash Freeway on hold since 12 November 2003 will be withdrawn;
- an allocation of \$13.7 million to reimburse fixed camera fines incurred on the Western Ring Road;
- a \$6 million fund to reimburse motorists with legitimate claims due to losses resulting from licence suspension for fixed camera penalties on the Western Ring Road; and
- the appointment of a Special Investigator (former Auditor-General Mr Ches Baragwanath) to conduct an investigation into the implementation of the fixed digital speed program on the Western Ring Road.

The Committee is aware that the failure to adequately maintain cameras and regularly verify their accuracy has had significant implications on revenue and raised this with the Treasurer and the Minister for Police and Emergency Services at the estimates hearings. The Treasurer informed the Committee that the revenue foregone in 2003-04 due to issues associated with a number of fixed safety camera installations on the Western Ring Road, City Link tunnels and the Monash Freeway has been estimated at around \$194 million, with an anticipated impact on revenue in 2004-05 of \$20.2 million.¹⁶⁴

One of the outcomes of the testing of the speed cameras was that the error rate was very low, and most of the incorrect readings related to motorists who were incorrectly

¹⁶¹ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, media release, *Government backs suspension of processing of fixed camera speed penalties*, 12 November 2003

¹⁶² *ibid.*

¹⁶³ Hon. S. Bracks, Premier of Victoria, media release, *Government Acts on Fixed Speed Cameras*, 14 May 2004

¹⁶⁴ Treasurer's response to the Committee's follow-up questions, p.2

detected at a lower speed than they were actually travelling.¹⁶⁵ The Minister for Police and Emergency Services confirmed this:¹⁶⁶

the testing process found that 0.55 per cent of readings on the cameras were incorrect; 1.5 million vehicles were checked; 8136 of those readings were incorrect readings and 8064 or 99.1 per cent of the incorrect readings were under-readings. Overwhelmingly these were people who were speeding who should have been picked up by the cameras but were not. The main problem with the cameras, quantity wise is actually that they were not picking up people who were breaking the law who should have been picked up. Seventy-two vehicles or .005 per cent were incorrectly detected at a higher speed than they were really travelling, and 12 of the high-speed readings would have resulted in infringements being issued out of a total 17 infringeable offences.

The Committee noted that the Government anticipated processing 5,000 fewer speeding motorists in 2004-05 compared to the expected 1,030,000 motorists detected speeding in 2003-04.¹⁶⁷ The Committee is pleased that a number of new measures have been taken to restore public confidence in the operation of speed cameras including:¹⁶⁸

- eliminating the fragmentation of responsibility for speed camera operations by transferring responsibility for the operation of all cameras to the Department of Justice. Previously, the responsibility for the operation of speed cameras was split between VicRoads (Western Ring Road) and the Department of Justice (City Link and Monash Freeway); and
- progressively implementing a system that provides a second camera image allowing for verification of the initial camera reading, which is based on a time-over-distance calculation.

The projected costs of implementing a new camera system and maintenance were not available at the time this report was prepared as tenders only closed on 20 June 2004.¹⁶⁹ Some features of the new testing and maintenance program would include:¹⁷⁰

¹⁶⁵ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, transcript of evidence, 21 May 2004, p.10

¹⁶⁶ *ibid.*

¹⁶⁷ Budget Paper No. 3, *2004-05 Service Delivery*, p.159

¹⁶⁸ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, transcript of evidence, 21 May 2004, pp.9–11

¹⁶⁹ <http://www.tenders.vic.gov.au/CA256AEA00206A7D/webpages/PublicTendersFrameset?Open>, accessed 8 July 2004

¹⁷⁰ Hon. A. Haermeyer, Minister for Police and Emergency Services, media release, *Government calls for tenders for improved speed camera testing and maintenance regime*, 16 June 2004

- greater accountability for identifying and fixing any system faults;
- implementing a program of proactive routine inspections, including collecting photographic evidence of the condition of camera components;
- managing warranty claims once the new cameras are installed; and
- more thorough reporting to Government of camera condition and reliability.

The Committee acknowledges the department's efforts to improve the management of speed camera operations and believes that regular reporting of the operations of cameras will contribute to improving community confidence in the camera network. The Committee believes that the Department of Justice should regularly report on speed camera operations (including the achievement of planned maintenance and testing) in their annual report.

The Committee recommends that:

Recommendation 110: **The Department of Justice report on the management and operation of speed cameras in their annual report, including the outcomes of planned maintenance and testing.**

(c) *Five year plan and resourcing for Victoria Police*

Victoria Police launched its five-year strategic plan – *The Way Ahead* – in January 2004.¹⁷¹ The 2004-05 Budget allocated an additional \$39.3 million in 2004-05 (and \$112.2 million over four years to 2007-08) to meet the objectives of the strategic plan.¹⁷²

The strategic plan identifies four performance measures and targets that Victoria Police aims to achieve:¹⁷³

- reduce crime by 5 per cent over the period;
- reduce the road toll and incidence of road trauma in accordance with the Government's *arrive alive!* 2002-2007 road safety strategy;
- increase levels of community perceptions of safety; and
- increase levels of customer satisfaction.

The Committee noted that Victoria Police had quantified several of these targets in its 2003-04 business plan.¹⁷⁴

¹⁷¹ Victoria Police, *The Way Ahead: Strategic Plan 2003-2008*

¹⁷² Budget Paper No. 3, *2004-05 Service Delivery*, pp.291–294

¹⁷³ Victoria Police, *The Way Ahead: Strategic Plan 2003-2008*, p.8

¹⁷⁴ Victoria Police, *Delivering a Safer Victoria: Business Plan 2003-04*, p.1

- reduce the road toll and incidence of road trauma by 20 per cent;
- increasing levels of community perceptions of safety by 1.5 per cent; and
- increasing levels of customer satisfaction by 2.6 per cent.

The Committee noted that targets relating to levels of community perceptions of safety and customer satisfaction are no longer included in the 2004-05 business plan and that the target for reducing the road toll and road trauma is for a 20 per cent reduction.¹⁷⁵ If this latter target were to be achieved, it would require at least a reduction of 80 road deaths and 1,300 serious injuries each year (from a baseline of 400 road deaths and 6,500 serious injuries).

The Minister informed the Committee that the number of Victorian road deaths in 2003 was the lowest on record.¹⁷⁶ While the Committee acknowledges the Government has made significant progress in reducing road fatalities, it considers that the number of road deaths should not be taken in isolation as an indicator of road safety trends, as the outcome of road accidents can be influenced by split second events and other circumstances as to whether death, major or minor injuries occur.

The Committee notes that in a submission to the Victorian Parliament Road Safety Committee, VicRoads stated that:¹⁷⁷

The public focus on road safety is the number of deaths that occur. This is the most common public interpretation of the term 'the road toll'. On a daily basis the media report road deaths, typically including a year to date comparison with the previous year. This strongly influences the monitoring of road safety progress and may lead to erroneous short-term conclusions. Statistically, substantial year to year variations in the number of deaths can be expected. A longer-term approach is necessary for the analysis of trends. ... With something like 12-15 serious injuries for every death, an examination of the serious injury data will provide a statistically more reliable picture of trends.

The Committee suggests that more appropriate indicators revolve around the number of major road accidents and the combined totals of deaths and serious injuries.

The Committee was surprised to learn that two agencies involved as partners to the *arrive alive!* strategy – VicRoads and Victoria Police – do not use the same criteria for measuring the baseline for each target. While Victoria Police adopt the 20 per cent target¹⁷⁸ included in the *arrive alive!* strategy (which implies a baseline of 400 road deaths and 6,500 serious injuries), VicRoads adopts a target that uses a three year

¹⁷⁵ *ibid.*, p.5

¹⁷⁶ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, transcript of evidence, 21 May 2004, p.8

¹⁷⁷ VicRoads, submission to the Road Safety Committee's inquiry into the country road toll, October 2003, p.2

¹⁷⁸ Victoria Police, *Delivering a safer Victoria: Business plan 2004-05*, p.5

average between 1999-2001 to establish a baseline for each measure.¹⁷⁹ The difference between the baseline measures amounts to around 10 road deaths and 50 serious injuries. Although in the overall context of the annual number of road deaths and serious injuries these variances are immaterial, the Committee would have expected that a common baseline for target setting would have been agreed upon between the major agencies concerned with road safety.

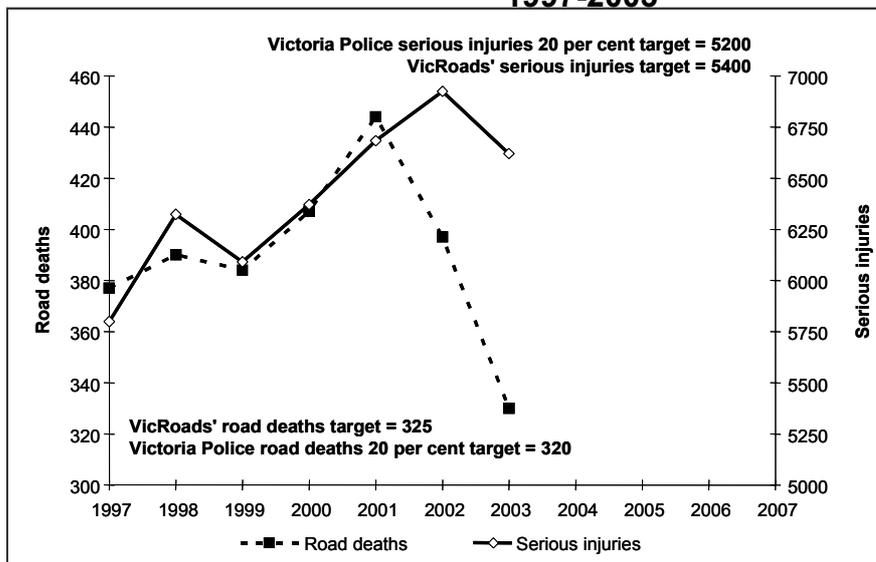
The Committee recommends that:

Recommendation 111: **Victoria Police and VicRoads review current frameworks for measuring the effectiveness of road safety strategies with a view to adopting a common baseline for setting targets.**

Irrespective of the baselines, the Committee believes that there remain significant challenges to meet targets for road deaths and serious injuries (see exhibit 10.12). These challenges are highlighted by year-on-year comparative data for 2004 showing that, as at the end of September, the number of road deaths was 265, 8 per cent higher than in the same period in 2003.¹⁸⁰

The Committee noted that road crashes impose significant social and economic costs on the community. Based on estimates prepared by the Bureau of Transport Economics, the average cost of a fatal crash is approximately \$2 million and the cost of a serious injury crash was \$493,000.¹⁸¹

Exhibit 10.12 Road fatalities and serious injuries 1997-2003



¹⁷⁹ Mr D. Anderson, Chief Executive VicRoads, transcript of evidence, 4 May 2004

¹⁸⁰ Transport Accident Commission, Road Safety Monthly Summary, September 2004, p.3

¹⁸¹ Bureau of Transport Economics, *Road crash costs in Australia*, Report No. 102, May 2000, p.81; Estimates were converted to 2004 dollars using changes in the Melbourne All Groups Consumer Price Index.

Sources: Minister for Police and Emergency Services, presentation to Public Accounts and Estimates Committee, 21 May 2004; Transport Accident Commission, *Road Safety Monthly Summary*, June 2004 (and previous issues)

The Committee observed that the Victoria Police document – *Road Safety Enforcement Strategy 2003-2008*, which complements the Government’s *arrive alive!* 2002-2007 road safety strategy – contains a range of activities to be undertaken by Victoria Police which are designed to address the major road safety challenges. The document identifies 12 challenges, including speed and speeding, drink driving, pedestrian safety, drugs and driving and working with the community.¹⁸² Each of the challenges identified were supplemented by performance measures indicating the context to which activities were successful in improving road safety.¹⁸³

Although there is a public perception that Victoria Police’s road safety activities concentrate on enforcement activities,¹⁸⁴ the Committee is pleased that Victoria Police has identified 12 diverse challenges that collectively contribute to improved road safety outcomes.¹⁸⁵ The Committee considers that Victoria Police should be accountable for the implementation of the road safety strategies as to how effective these strategies are in achieving the Government’s aim of reducing road trauma by 20 per cent. Such information is also important for future funding decisions for Victoria Police.

The Committee recommends that:

Recommendation 112: **Victoria Police include in its annual report summary information, including performance measures, on the implementation of the Victoria Police Road Safety Strategy.**

In relation to other performance measures contained in the Victoria Police five year strategic plan, the Department of Justice advised the Committee that specific targets for levels of community perceptions of safety and customer satisfaction have not been set.¹⁸⁶ However, in addition to the four key performance measures identified in the plan, a series of progress indicators will be used to measure the effectiveness of Victoria Police’s activities including:¹⁸⁷

- reduction in offence rates, with particular targets set for priority areas including violent crime, family violence and volume crime;
- reduction in levels of victimisation;

¹⁸² Victoria Police, *Victoria Police Road Safety Strategy Enforcement Strategy 2003-2008*

¹⁸³ *ibid.*

¹⁸⁴ *ibid.*

¹⁸⁵ *ibid.*

¹⁸⁶ Department of Justice response to the Committee’s follow-up questions, pp.5–6

¹⁸⁷ *ibid.*

- reduction in repeat victimisation for specific offence types;
- improvements in organisational health and employee satisfaction;
- recruitment and retention of under-represented groups and specialists;
- increased proportion of the workforce with tertiary qualifications and other specialist qualifications;
- continuous improvement in the results of the Australian Business Excellence Framework evaluations;
- increased levels of reporting of crime, including measurement of increases in types of crime reported using alternative reporting mechanisms;
- high levels of community confidence in policing services;
- continuously improving performance against published service standards;
- a greater number and diversity of partnerships with government departments, research institutions, industry groups, other social agencies, community groups and experts;
- greater use of non-punitive responses to certain kinds of offending such as diversion, restorative justice and counselling;
- declining cost of crime and road trauma as the incidence and impact of offending is reduced through early intervention and prevention strategies; and
- an increasing proportion of resources and effort being spent on collaborative programs at a local, regional state and national level.

The Committee acknowledges the relevance and importance of the progress indicators developed by Victoria Police to assist in monitoring the implementation of the strategic plan. Nevertheless, the Committee also observed that there were no specific indicators measuring any increase in public perceptions of satisfaction with Victoria Police including perceptions of safety by the community.

Of the four key performance measures contained in the strategic plan two measures relate to this area:¹⁸⁸

- increase levels of community perceptions of safety; and
- increase levels of customer satisfaction.

The Committee is aware that the Victoria Police 2004-05 business plan sets a target of 76.8 per cent for community satisfaction with police services and a target of 83.9 per cent for community satisfaction with police in most recent contact.¹⁸⁹ These

¹⁸⁸ Victoria Police, *Delivering a safer Victoria: Business Plan 2004-05*, pp.19, 21

¹⁸⁹ *ibid.*

targets are consistent with output performance measures included in the Budget Papers.¹⁹⁰

Although these two targets partially address the measurement of customer satisfaction with police, there are no targets set as to community perceptions of safety. In addition, although the target set for community satisfaction with police appears reasonable, it is difficult to determine what level of satisfaction should be regarded as a target taking into account measures set, if available, for other police forces within Australia.

The Committee considers that as community perceptions of safety and satisfaction with police services are regarded as key measures in the five year strategic plan, specific targets should be set as to the optimum levels of community satisfaction and perceptions desired. Progress indicators should also be developed to progressively record the extent to which the targets are being achieved.

¹⁹⁰ Budget Paper No. 3, *2004-05 Service Delivery*, pp.159–160

The Committee recommends that:

Recommendation 113: **Victoria Police set specific targets in its five year strategic plan for community satisfaction with police services and community perceptions of public safety, in conjunction with reporting progress indicators detailing the extent to which the targets are achieved.**

(d) Forensic science resource centre

The 2004-05 Budget included funding of \$3 million in 2004-05 (\$14.4 million over four years to 2007-08) to increase police forensic capacity by providing for the recruitment of 46 additional forensic staff.¹⁹¹ This includes funding of \$8 million over four years announced in April 2004 to employ and equip 23 extra forensic staff to meet increased demand for DNA testing.¹⁹²

The department advised the Committee that the staffing level as at 31 May 2004 for the Victoria Police Forensic Department was 286, which comprised 83 police members and 203 public servants, including 152 specialist forensic officers.¹⁹³ The 46 additional staff will represent a significant addition (16 per cent) to the resourcing of the Forensic Department.

The Committee was advised that the additional 46 staff would be recruited in several stages. After advertising locally, interstate and overseas, the department expected that 23 staff would commence in July 2004.¹⁹⁴ A further 14 positions would be funded in 2004-05.¹⁹⁵

The Committee believes that it is critical that the Victoria Police Forensic Department has adequate resources to maximise the benefits of the DNA testing regime that applies to all Victorian prisoners and from samples collected at crime scenes. The recruitment of these additional staff should have a positive impact on other areas of the justice system including solving crime and minimising delays to court proceedings.

The department advised the Committee that a series of core performance measures had been developed for each of the casework divisions as well as other measures that were specific to certain work areas. For example, in relation to the DNA database,

¹⁹¹ *ibid.*, pp.291–292

¹⁹² Hon. S. Bracks, MP, Premier of Victoria, media release, *Greater powers and resources for Ombudsman*, 8 April 2004

¹⁹³ Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.8; Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.17

¹⁹⁴ Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.8

¹⁹⁵ *ibid.*

performance measures include the number of samples added to the database and the number of links made in a variety of categories.¹⁹⁶

The Committee welcomes efforts by the Victoria Police Forensic Department to ensure that there is a suitable framework in place to monitor the performance of forensic testing. Although performance measures for Victoria Police and the justice system will indirectly capture the benefits of improvements in the performance of the Forensic Department, the Committee believes that there is merit in separately reporting the performance of the Victoria Police Forensic Department against its targets in Victoria Police's annual report. Such reporting should include performance measures relating to both the number of samples processed as well as the timeliness of testing, particularly where testing is relative to scheduled court appearances of accused persons.

The Committee recommends that:

Recommendation 114: Victoria Police develop performance information for the operations of the Forensic Department and separately report on achievements in its annual report.

The Committee has previously recommended as a potential performance audit that the Auditor-General examine the effectiveness of the operations of the Victoria Police Forensic Department. The Committee intends to revisit this suggestion in the future and will continue to monitor the outcomes achieved with the additional funding provided to the Forensic Department.

(e) *Statewide integrated public safety communications strategy*

The Department of Justice and Victoria Police are currently managing several important multi-year information technology tenders and contracts that are part of the Statewide Integrated Public Safety Communications Strategy. These projects include:

¹⁹⁶ *ibid.*

- mobile data network (MDN) – involves the fitting of mobile data terminals to all metropolitan police and metropolitan ambulance vehicles over a seven year period. A service agreement for the mobile data network was signed with Motorola on 25 June 2003. The contract is valued at \$171 million in net present value terms, with full service payments to commence after the Government’s acceptance of the network;¹⁹⁷
- metropolitan mobile radio – replacement of the existing aged analogue system used by Victoria Police, Metropolitan Ambulance Service and the Metropolitan Fire and Emergency Services Board with a state-of-the art digital radio system. Motorola Australia Pty Ltd was awarded the contract in March 2004, with the project estimated to cost \$120 million in net present value terms;¹⁹⁸ and
- emergency alerting system – a messaging system that will be used to alert emergency personnel from a number of agencies, individually or en masse to any emergency throughout rural and regional Victoria via a personal messaging device. The project was announced in the 2002-03 Budget, and the initial users will be the Country Fire Authority (CFA), Rural Ambulance Victoria and the Victorian State Emergency Service (VICSES). The cost of the project is estimated at \$100 million.¹⁹⁹ On 8 June 2004, the Minister signed a contract for delivery of the emergency alerting system with VEC Network Pty Ltd.²⁰⁰

In a recent examination of the management of the Mobile Data Network Project, the Auditor-General concluded that the project’s governance and project management, and user involvement have been satisfactory, given the complexity of the project.²⁰¹ In particular, project governance was strengthened through the operation of a steering committee comprising senior representatives of key stakeholders.²⁰² However, the Auditor-General questioned parts of the procurement process, including negotiations with a single tenderer for a significantly changed scope over a two year period.²⁰³

The Auditor-General identified that the Mobile Data Network Project faces several risks, which must be managed by the department’s Bureau of Emergency Services Telecommunications and by client agencies.²⁰⁴ Two of these risks are that agencies’

¹⁹⁷ Public Accounts and Estimates Committee, *Report on the 2002-03 Budget Outcomes*, 56th Report, April 2004, p.312; Department of Justice response to the Committee’s 2004-05 Budget Estimates questionnaire, p.37

¹⁹⁸ Hon. A. Haermeyer, MP, media release, *New digital radio network to be up and running for 2006 Commonwealth Games*, 15 March 2004; Department of Justice response to the Committee’s 2004-05 Budget Estimates questionnaire, p.37

¹⁹⁹ Bureau of Emergency Services Telecommunications, *Emergency Alerting System*, www.best.vic.gov.au, accessed 8 July 2004

²⁰⁰ *ibid.*

²⁰¹ Auditor-General Victoria, *Report on Public Sector Agencies: Results of special reviews*, May 2004, p.9

²⁰² *ibid.*

²⁰³ *ibid.*

²⁰⁴ *ibid.*

change management strategies, and the performance management regimes, will not be effective. All agencies affected have already started to manage these risks.²⁰⁵

The Committee noted that the full operation of the Mobile Data Network requires the fit out of 310 ambulances and 700 Victoria Police operational vehicles, including police boats. Communications terminals would also need to be installed at all police stations within the network, plus key regional and metropolitan police and ambulance links and headquarters.²⁰⁶ The Bureau of Emergency Services Telecommunications expected that the Mobile Data Network will begin early in 2005 and would be fully operational by the end of 2005.²⁰⁷

The Committee noted that the Emergency Alerting System was expected to be rolled out progressively during 2004 and 2005, with an expected coverage in excess of 90 per cent of the state by the fire season after this coming summer (see exhibit 10.13).²⁰⁸

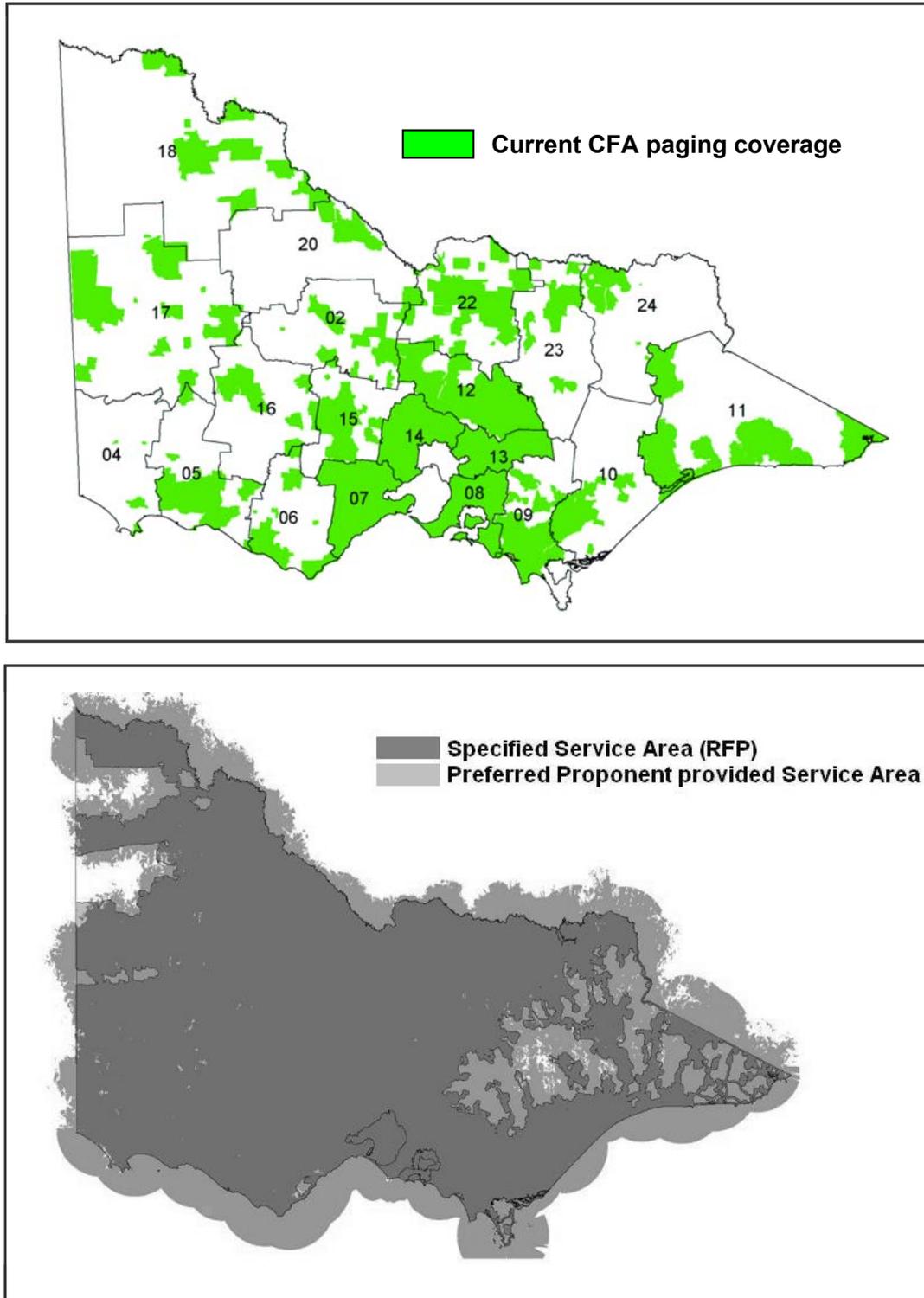
²⁰⁵ *ibid.*

²⁰⁶ Bureau of Emergency Services Telecommunications, Mobile Data Network, www.best.vic.gov.au, accessed 8 July 2004

²⁰⁷ Bureau of Emergency Services Telecommunications, Mobile Data Network status, www.best.vic.gov.au, accessed 8 July 2004

²⁰⁸ Hon. A. Haermeyer, Minister for Police and Emergency Services, record of transcript, 21 May 2004, p.2

Exhibit 10.13: Emergency Alerting System, current coverage and future expected coverage



Source: Minister for Police and Emergency Services, Hon. A. Haermeyer, presentation to the Public Accounts and Estimates Committee, 21 May 2004

The Committee noted that the Bureau of Emergency Services Telecommunications expects the implementation of the Melbourne Metropolitan Radio (MMR) project will begin immediately and the network will be operational by the Commonwealth Games in March 2006.²⁰⁹

The Committee recognises that these projects are complex and will involve a significant effort on the part of the Department of Justice and emergency services agencies to meet planned timelines. The Committee encourages the department and relevant agencies to closely monitor developments that may affect planned implementation of these communication systems.

(f) Comparison of Emergency Communications Victoria and Intergraph - call taking performance

Emergency Communications Victoria (ECV) was established on 4 June 2002 to provide call taking and dispatch services to Victorian emergency services organisations.²¹⁰

At the estimates hearings the Committee requested information relating to ECV's call-taking performance, particularly compared to services previously outsourced to Intergraph. The Minister explained to the Committee that a comparison with Intergraph's performance would be like '*... comparing apples with oranges*'.²¹¹

The Department of Justice advised the Committee that new performance measures have generated improvements to ECV service delivery but have altered baselines and caller mix, which makes meaningful comparison of performance standards misleading. These performance improvements were undertaken in collaboration with Victoria's emergency services.²¹² Another factor identified by the department as affecting the comparisons was that the use of mobile phones to seek assistance now make up 50 per cent of calls to emergency services and require a longer time to establish location of emergencies.²¹³

The department identified three further changes to the process of taking calls:²¹⁴

²⁰⁹ Bureau of Emergency Services Telecommunications, Metropolitan Mobile Radio status, www.best.vic.gov.au, accessed 8 July 2004

²¹⁰ Emergency Communications Victoria, *Annual Report 2002-03*, p.12

²¹¹ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, transcript of evidence, 21 May 2001, p.7

²¹² Minister for Police and Emergency Services' response to the Committee's follow-up questions, p.2

²¹³ *ibid.*

²¹⁴ *ibid.*

- prior to June 2002 calls to Telstra 000 that did not have any caller response were transferred to Intergraph police call takers. The vast majority of these calls were misdials or hoaxes. This meant Intergraph had high numbers of very short duration calls. The introduction by Telstra 000 of the Caller No Response protocol in June 2002, means that these calls are now directed to a recorded message. The message instructs the caller to use the telephone touch buttons to obtain emergency assistance. If the caller does not respond the call is disconnected. This means ECV receives a higher percentage of genuine calls which result in longer average times to process but a better quality of service to the community and emergency services;
- up until September 2002 Victorians had the option of dialling Telstra 000 or direct Emergency Services Access Numbers (ESAN) for emergency services. A significant number of these ESAN calls, particularly to the Metropolitan Fire and Emergency Services Board, were of very short duration (2–3 seconds) misdialled numbers. Since September 2002, the ESAN numbers have been removed and all calls now have an initial vetting by Telstra 000. These changes have resulted in ECV receiving a higher percentage of genuine calls, which take longer to process, but provide a better quality of service to the community and emergency services; and
- prior to the introduction of the Telstra 75 Second Ring Policy (75SRP) in December 2002, Telstra would continue to hold the call in the queue for nine rings (or 27 seconds) until answered or re-present the call. This meant that no call would be in the queue longer than 27 seconds. ECV's second benchmark of answering 80 per cent of calls within 60 seconds could not be measured because there were no calls to measure. The introduction of the 75SRP enables ECV to report on the second call answer benchmark, which was not able to be undertaken by Intergraph.

The Committee accepts that these changes and various other factors have made it difficult to provide meaningful comparisons between the performance of ECV and the former system operated by Intergraph in relation to call taking performance. However, the Committee believes that the performance of this essential service should be measured and reported on and suggests ECV's call taking performance be benchmarked against the performance of emergency communications services in other Australian jurisdictions.

The Committee recommends that:

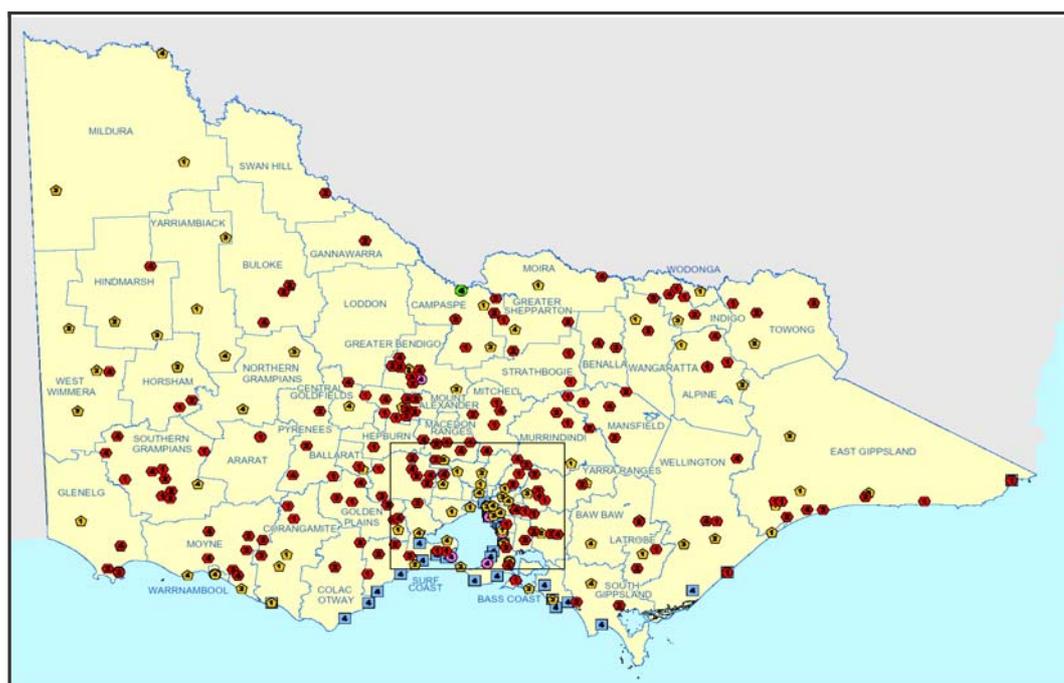
Recommendation 115: **Emergency Communications Victoria include in its annual report, commentary and comparisons with similar emergency communications organisation in other Australian jurisdictions, on its call taking and dispatch time performance.**

(g) Community Safety Emergency Support Program

The Community Safety Emergency Support Program (CSESP) provides funding assistance towards the acquisition of ancillary safety and rescue equipment to complement the existing infrastructure of CFA brigades, VicSES units, Life Saving Victoria clubs and Australian Volunteer Coast Guard flotillas.²¹⁵

In the three year period 2001-03, 108 VicSES units and 119 CFA brigades benefited from CSESP grants of \$4.5 million, which provided funding towards projects of a total value of \$10.3 million.²¹⁶ Grants were provided on a dollar-for-dollar basis for projects valued at greater than \$40,000 (up to a maximum contribution of \$70,000) and a Government contribution on a two-for-one basis for projects valued up to \$40,000.²¹⁷ At the estimates hearings the Minister for Police and Emergency Services provided the following information which indicates grants paid or approved under the program had been allocated throughout the state (see exhibit 10.14)

Exhibit 10.14: Community Safety Emergency Support Program – approved bids



Source: Minister for Police and Emergency Services, Hon. A. Haermeyer, presentation to Public Accounts and Estimates Committee, 21 May 2004

²¹⁵ Department of Justice, Community Safety Emergency Support Program, www.justice.vic.gov.au, accessed 12 July 2004

²¹⁶ Minister for Polices and Emergency Services' response, to the Committee's follow-up questions, p.1

²¹⁷ Department of Justice, Community Safety Emergency Support Program, www.justice.vic.gov.au/, accessed 12 July 2004

In November 2003, the Minister for Police and Emergency Services announced that the program would be extended, with \$2.5 million to be allocated annually over four years.²¹⁸ The Committee noted that CSESP funding is allocated from the Community Support Fund and that grants partly contributed to the expected increase for the Emergency Readiness Support output in 2003-04 and 2004-05.²¹⁹ At the estimates hearings, the Minister indicated that the annual \$2.5 million allocation would be divided into \$1.5 million to be shared between the CFA and SES, \$500,000 to be shared by Life Saving Australia and the Australian Volunteer Coast Guard, with the remaining \$500,000 available to all of these and other emergency services organisations.²²⁰

10.7 Corrections portfolio

Corrections Victoria, a service agency within the Department of Justice, is responsible for the direction, management and operation of Victoria's corrections system, which incorporates prisons and Community Correctional Services.²²¹ Corrections Victoria was formed from a merger of the Office of the Correctional Services Commissioner and the Public Correctional Enterprise during 2003-04.²²²

10.7.1 2004-05 outlook for the portfolio

The cornerstone of the Government's corrections strategy is the Corrections Long Term Management Strategy, which involves a number of initiatives to provide additional prison capacity through the construction of new prisons and the upgrade of some existing prisons, as well as examining rehabilitation programs and establishing diversion initiatives in relation to some of the lower-order offences.²²³ The strategy is in its fourth year of implementation, with most of the funding announced as part of the 2001-02 Budget.²²⁴

²¹⁸ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, media release, *\$10 million for local emergency services*, 27 November 2003

²¹⁹ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.28

²²⁰ Hon. A. Haermeyer, MP, Minister for Police and Emergency Services, transcript of evidence, 21 May 2004, p.6

²²¹ Department of Justice, Business Units: Corrections Victoria, www.justice.vic.gov.au, accessed 6 October 2004

²²² Public Accounts and Estimates Committee, *Report on the 2003-04 Budget Estimates*, September 2003, p.354

²²³ Hon. A. Haermeyer, Minister for Corrections, transcript of evidence, 21 May 2004, p.2

²²⁴ Budget Paper No. 2, *Budget Statement 2001-02*, pp.252-259

The 2004-05 Budget included one major output initiative relating to the Corrections portfolio, which will cost approximately \$4.7 million in 2004-05 (\$19.7 million over four years to 2007-08).²²⁵ The initiative provides funding to maintain flexible prisoner bed capacity for women offenders pending the completion of the women offenders strategy.²²⁶ There were no new asset initiatives included in the 2004-05 Budget relating to the Corrections portfolio.²²⁷

10.7.2 Analysis of the budget

The 2004-05 Budget for the output group for which the Minister for Corrections has responsibility is \$390.1 million, an increase of \$66.4 million from the expected outcome for 2003-04 (see exhibit 10.15).²²⁸

The Committee noted that the increase for the Enforcing Correctional Orders output group was mainly due to additional funding for the expansion of prison capacity (\$25.3 million), higher wage costs and other costs across the portfolio (\$20.2 million) and additional depreciation and capital asset charges expense arising from the construction of new corrections facilities and the periodic revaluation of existing facilities (\$17.6 million).²²⁹

**Exhibit 10.15: Corrections portfolio
Output costs**

Output group	Outputs under the responsibility of the Minister for Corrections	2004-05 Budget (\$ million)
Enforcing Correctional Orders	Correctional System Management	29.3
	Prisoner Supervision and Support	323.7
	Community Based Offender Supervision	37.1
Total		390.1

Source: Budget Paper No. 3, 2004-05 Service Delivery, pp.172–173

²²⁵ Budget Paper No. 3, 2004-05 Service Delivery, p.291–292

²²⁶ *ibid.*, p.292

²²⁷ *ibid.*, p.294

²²⁸ *ibid.*, pp.172–173

²²⁹ Department of Justice response to the Committee’s 2004-05 Budget Estimates questionnaire, p.30

10.7.3 Performance measures

The Department of Justice refined several performance measures in the 2004-05 Budget relating to the Enforcing Correctional Orders output group, with two measures discontinued and one new measure introduced.²³⁰

The performance measure *Average daily utilisation rate of all permanent and temporary prison capacity* in the Corrections System Management output was discontinued.²³¹ This was in line with the Committee's recommendation in its 2003-04 Budget Estimates report.²³² The Committee noted that the measure was discontinued despite the Government rejecting the recommendation in its response to the Committee's 2003-04 Budget Estimates Report.²³³

The second performance measure discontinued was *Offenders inducted within seven working days of the commencement of the order* in the Community Based Offender Supervision output.²³⁴ A new measure – *Supervised offenders inducted within seven working days of the commencement of the order* – was introduced to measure the timeliness of community based offender supervision. The department indicated that this new timeliness measure only recognises induction programs that are compulsory for offenders to attend, and replaces the discontinued measure for offenders with a treatment or personal development plan who may have been referred to the program but attendance was not mandatory.²³⁵

The Committee noted that the target for the measure *Total annual daily average numbers of prisoners* remained unchanged at 3,600-3,800 in 2004-05.²³⁶ This target appears to overstate expected prisoner numbers in 2004-05, with forecast prisoner numbers between 3,500 and 3,600 in 2004-05 (see section 10.74(d)). The Committee encourages the Department of Justice to revise this target to take into account the effectiveness of programs aimed at diverting offenders from correctional facilities and reducing recidivism.

²³⁰ Budget Paper No. 3, 2004-05 Service Delivery, pp.172–173, 345; Budget Paper No. 3, 2003-04 Budget Estimates, pp.233–234

²³¹ Budget Paper No. 3, 2004-05 Service Delivery, p.345

²³² Public Accounts and Estimates Committee, *Report on the 2003-04 Budget Estimates*, September 2003, p.323

²³³ Department of Justice, *Government Response to the Recommendations of the Public Accounts and Estimates Committee's 54th Report on the 2003-2004 Budget Estimates*, p.31

²³⁴ Budget Paper No. 3, 2004-05 Service Delivery, p.345

²³⁵ *ibid.*, p.173

²³⁶ *ibid.*, p.172

10.7.4 Key issues impacting on the portfolio

The department's response to the Committee's questionnaire and the estimates hearing identified several issues that will impact on the portfolio and its Budget Estimates for 2004-05.

(a) Home detention

In June 2003, Parliament enacted legislation enabling the Home Detention Program to commence, with the program starting in January 2004.²³⁷ The Home Detention Program was expected to cost \$1.6 million per year to operate with a capacity of 80 offenders, at an estimated annual cost per offender of \$20,000.²³⁸ This compares to an average annual cost of more than \$65,000 to accommodate offenders in a Victorian prison.²³⁹

The 2001-02 Budget allocated \$4.8 million over three years to the pilot program.²⁴⁰ The Committee noted that the Department of Justice expects to carry forward \$2.5 million of this funding to 2004-05.²⁴¹

The Committee noted that the program was only directed to those prisoners with a very low risk of reoffending.²⁴² The Minister advised the Committee that as at 28 April 2004, 79 cases, including 5 cases from the courts, had been referred to home detention for comprehensive assessment, with 37 referrals subsequently assessed as unsuitable.²⁴³

The Committee notes that the Department of Justice intends to evaluate the program using qualified and independent evaluators after two years operation to determine its success and recommend what improvements, if any, can be made to the program.²⁴⁴

The majority of the Committee consider that new initiatives to reduce prison detention have considerable merit, but also carry risks and must be carefully evaluated as to the community benefits of such programs.

(b) Post release support for offenders

²³⁷ Department of Justice, Home detention: Questions and answers, www.justice.vic.gov.au, accessed 15 July 2004

²³⁸ *ibid.*

²³⁹ Steering Committee for the Review of Government Service Provision, *Report on Government Services 2004*, table 7A.6

²⁴⁰ Budget Paper No. 2, *Budget Statement 2001-02*, pp.252–253

²⁴¹ Minister for Corrections' response to the Committee's follow-up questions, p.4

²⁴² Hon. A. Haermeyer, MP, Minister for Corrections, transcript of evidence, 21 May 2004, p.9

²⁴³ *ibid.*

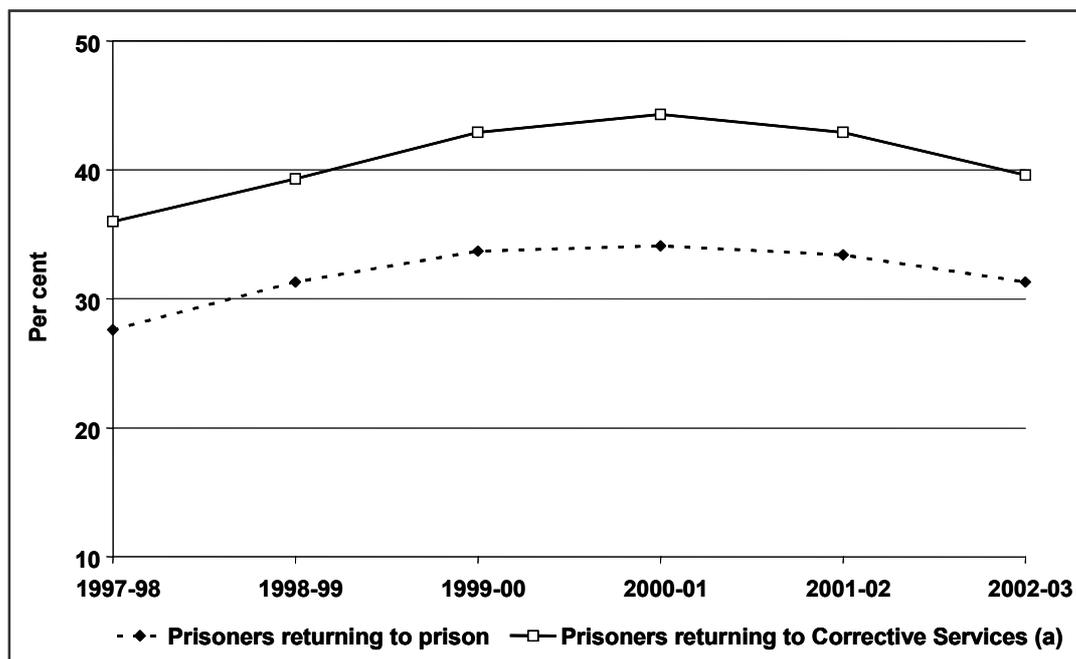
²⁴⁴ Department of Justice, Home detention: Questions and answers, www.justice.vic.gov.au, accessed 15 July 2004

The Bridging the Gap Program was established in 2001 as a two year pilot to provide intensive, statewide, post-release support particularly for high risk and high need offenders.²⁴⁵ In 2003-04, the program had a budget of approximately \$1.6 million.²⁴⁶

The effectiveness of the Department of Justice's prisoner rehabilitation programs has significant implications for future expenditure on prisoner accommodation. An important measure of the overall success of such programs in the next few years will be trends in recidivism (prisoners released subsequently returning to prison). The Committee noted the positive effects that rehabilitation programs had in recent years, with trends in recidivism rates recently showing an improvement in Victoria (see exhibit 10.16).

The Committee noted that a program targeting prisoners who are at high risk of homelessness after release is being independently evaluated by Deakin University.²⁴⁷ The Minister advised the Committee that initial data showed the re-incarceration rate after nine months for participants in the initiative was 70 per cent less than for the comparative group of prisoners discharged from the same three prisons.²⁴⁸

Exhibit 10.16: Recidivism – Prisoners returning to corrective services within two years of release or completion of community-based order



Note: (a) Includes returning to corrective services as a sentenced prisoner; on a community-based order, community work order, parole, etc

²⁴⁵ Hon. A. Haermeyer, MP, Minister for Corrections, transcript of evidence, 21 May 2004, p.11

²⁴⁶ Department of Justice, Request for Tender, Bridging the Gap program, March 2004, p.9

²⁴⁷ Minister of Corrections' response to the Committee's follow-up questions

²⁴⁸ *ibid.*

Sources: Victorian Auditor-General's Office, *Addressing the needs of Victorian prisoners*, November 2003, p.18; Steering Committee for the Review of Government Service Provision, *Review of Government Services 2004*, p.C.15

An evaluation of the Bridging the Gap Program was completed by the University of Melbourne Criminology Research and Evaluation Unit in 2003.²⁴⁹ The Minister advised the Committee that over the 18 month evaluation period, 700 prisoners were screened for eligibility for the Bridging the Gap Program under five service providers. Of the 700 assessed, 464 were assessed as suitable for the program and 319 ultimately agreed to participate.²⁵⁰

The Committee noted the findings of the evaluation that six months post release, 33 per cent of the offenders who participated in the program were assessed as not using drugs, with another 24 per cent using drugs in a manner that did not constitute dependence or abuse.²⁵¹ The Minister did not define what type of drug use did not constitute dependence or abuse.²⁵² The evaluation also found that six months post release, 51 per cent of participants were in stable accommodation. With regard to reoffending, 60 per cent of participants had no episodes of reoffending over the evaluation period.²⁵³

The Committee noted that the department has recently issued a tender for the provision of Bridging the Gap pre- and post-release support services for two years, with the option to extend for a further year. Tenders closed on 8 April 2004.²⁵⁴

The Minister advised the Committee that a number of recommendations arising from the evaluation have been integrated into the development of the contract specifications including:²⁵⁵

- targeting prisoners who have completed intensive prison based drug treatment;
- maintaining a balance between releasees who require short, medium and long-term support through
 - effective engagement with mainstream community services; and
 - by service providers directing no more than 20 per cent of their workload to the support of clients beyond six months post-release;
- including repeat short sentence prisoners in the eligibility criteria.

The Committee noted that service delivery and program outcome measures for the program have been developed using the findings of the evaluation and have also been

²⁴⁹ Melbourne Criminology Research and Evaluation Unit, *Bridging the Gap: A release transition support program for Victorian prisoners: Final evaluation report*, August 2003

²⁵⁰ Hon. A. Haermeyer, MP, Minister for Corrections, transcript of evidence, 21 May 2004, p.11

²⁵¹ *ibid.*

²⁵² *ibid.*

²⁵³ *ibid.*

²⁵⁴ Department of Justice, Reviews and Research, www.justice.vic.gov.au, accessed 27 September 2004

²⁵⁵ Minister for Corrections' response to the Committee's follow-up questions, p.5

informed by the experience and knowledge gained by the program managers in the pilot phase.²⁵⁶ Performance measures include:²⁵⁷

- 80 per cent of program participants are to have access to the same worker pre-and post-release;
- 90 per cent of participants are to be met and assisted on day of release from prison;
- a minimum of four referrals to external agencies should be made to participants during the support period; and
- 100 per cent of prisoners who disengage from the program, post release to be followed up with at least two phone calls and one home visit.

²⁵⁶ *ibid.*, pp.5–6

²⁵⁷ *ibid.*

Outcome measures identified for the program include:²⁵⁸

- 100 per cent achievement of nominated and agreed screening and registration targets;
- 90 per cent engagement (in connection with agency) upon release of participants who prepared a pre-release program;
- 60 per cent retention of post-release participants until structured exit from the program;
- 90 per cent of participants who list drug and/or alcohol treatment as a release goal referred to a community drug and alcohol treatment program;
- 70 per cent of participants who list accommodation as a release goal secure accommodation upon release;
- participants accommodated in transitional housing are successfully established in affordable and secure long-term housing within an average of 22 weeks post-release support for single participants and 26 weeks for participants with families; and
- 50 per cent of participants engaged with approved job-ready/employment programs.

The Committee welcomes the department's rigorous evidence-based approach to evaluating its Bridging the Gap Program. The Committee considers the Department of Justice should report on contractors' progress in meeting the targets specified for the program over the next three years.

The Committee noted that the Auditor-General had planned a performance audit on the management of offenders on community based orders but recently reported that completion of the audit would be deferred to allow time for a range of initiatives in the area to be developed.²⁵⁹

While the Committee acknowledges that the Department of Justice has only recently implemented part of its redevelopment program and has a range of planned initiatives for managing offenders that have yet to be completed,²⁶⁰ the Committee considers that it is important that an evaluation is undertaken as soon as possible of the effectiveness of these initiatives.

²⁵⁸ *ibid.*

²⁵⁹ Victorian Auditor-General's Office, *Report on public sector agencies: Results of special reviews and other studies*, August 2004, p.140

²⁶⁰ *ibid.*, p.139

(c) New prison construction

Two asset investment projects in the Corrections portfolio are being delivered under the Partnerships Victoria policy. These are the 600 bed remand centre in Ravenhall and the 300 bed Correctional Programs Centre in Lara.²⁶¹

Under the contract arrangements, the private sector is responsible for financing, designing, constructing and providing ongoing maintenance for the 25 year life of the project.²⁶² The net present value of the two facilities is \$275 million.²⁶³

The Committee noted that the full contracts for these two facilities are on the internet at the Victorian Government Contracts home page.²⁶⁴

A budget allocation of \$135.9 million was initially provided for the construction of these correctional facilities, which was based on a traditional build-and-construct public service project.²⁶⁵ The difference between the cost of the initial budget allocation and the current contract for the two correctional facilities reflects specified maintenance provisions over the life of the agreement and savings in financing, construction and design costs.

The department advised the Committee that technical completion for the Correctional Programs Centre is scheduled for the end of June 2005 and commercial acceptance in August 2005. Technical completion for the remand centre is scheduled for the end of October 2005, with commercial acceptance in January 2006.²⁶⁶

The Department of Justice advised the Committee that payment of a monthly 'Accommodation Services Charge' to the project developers will commence after commercial acceptance.²⁶⁷ The Committee noted that the estimated payment for the accommodation services charge in 2006-07 (the first year in which both prisons will operate over a full year) is expected to be \$25.8 million in nominal terms, with this figure subject to the following costs being finalised.²⁶⁸

²⁶¹ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.37

²⁶² *ibid.*

²⁶³ *ibid.*

²⁶⁴ Victorian Government Purchasing Board, Victorian Government Contracts Publishing System, www.tenders.vic.gov.au, accessed 20 August 2004

²⁶⁵ Mr A. Clayton, Executive Director, Police, emergency services and corrections, Department of Justice, transcript of evidence, 21 May 2004, p.14

²⁶⁶ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.37

²⁶⁷ Minister for Corrections' response to the Committee's follow-up questions, p.3

²⁶⁸ *ibid.*

- the final completion dates;
- the final cost of the necessary insurances; and
- adjustments for those elements impacted by indexation.

The Committee intends to consider how maintenance arrangements under the prison contracts compare with traditional procurement processes, as well as a range of other issues, as part of its inquiry into Private Sector Investment into Public Infrastructure.

In its *Report on the 2002-2003 Budget Outcomes*, the Department of Justice advised the Committee that the contract costs for the existing private prisons were commercial in confidence and not available for disclosure, particularly as there are only two private bidders.²⁶⁹

Following the estimates hearing the Committee asked the Minister for Corrections how the disclosure of the contract costs relating to the operation of private prisons would interfere with the proper and efficient performance of Government.²⁷⁰

The Minister's initial response to the Committee's follow-up questions indicated that *'the disclosure of contract costs for private prisons is now under active consideration and will be notified as soon as practicable'*.²⁷¹ On 29 September 2004, the Minister further advised the Committee that:²⁷²

External legal advice on this matter has only just been finalised, which takes into consideration the issue of the forthcoming contractual review process. Information on the matter will be advised to [the Public Accounts and Estimates Committee] once this has been considered by the Department of Justice.

The Committee is concerned at the delay in providing this information. The Committee looks forward to receiving the Minister's final response and intends to further address this issue as part of its Report on the 2003-04 Budget Outcomes.

(d) Prisoner numbers and prison capacity

The number of prisoners in Victoria's correctional system has increased steadily in recent years, with the daily average prison population rising from 2,796 in 1998 to 3,718 in 2003.²⁷³ In November 2003, the Auditor-General noted that, in the absence of

²⁶⁹ Department of Justice response to the Committee's 2002-03 Budget Outcomes questionnaire, p.44

²⁷⁰ *ibid.*

²⁷¹ Minister for Corrections' response to the Committee's follow-up questions, p.6

²⁷² Minister for Corrections' additional response to the Committee's follow-up questions, p.1

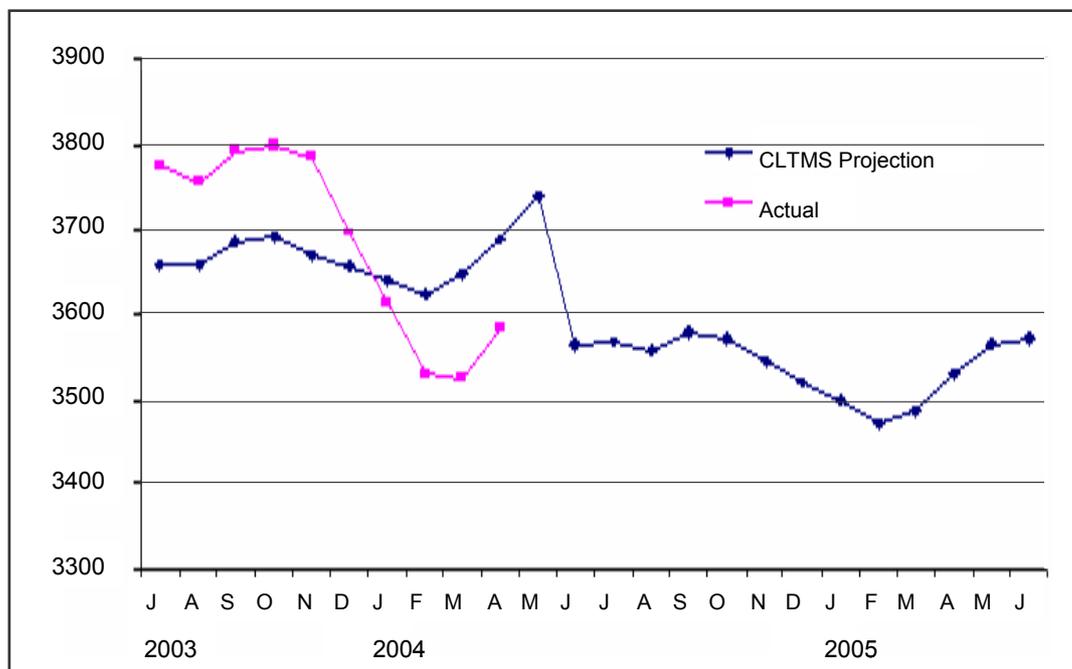
²⁷³ Australian Bureau of Statistics, *Corrective Services*, December quarter 2003, ABS Cat. No. 4512.0 (and previous issues)

policy and program interventions, Corrections Victoria predicted continuing strong growth in prisoner numbers to around 4,220 prisoners by June 2006.²⁷⁴

The Committee noted that, at an average annual cost of \$65,591 per prisoner per year, continued growth in prisoner numbers has significant funding implications for Government.²⁷⁵

The Minister for Corrections provided the Committee with an updated forecast of future prisoner numbers, which predicted that, based on current estimates, prisoner numbers would peak at around 3,720 in May 2004 before declining sharply in June 2004 as diversion strategies are expected take effect (see exhibit 10.17).²⁷⁶

Exhibit 10.17: Number of Victorian Prisoners monthly averages



Note: CLTMS – Corrections long-term management strategy

Source: Hon. A. Haermeyer, MP, Minister for Corrections, presentation to the Public Accounts and Estimates Committee, 21 May 2004

The Committee noted that prison capacity could be influenced in the next few years by decisions over the removal of temporary beds, the commissioning of three new facilities and the timing of the closure of three existing prisons.²⁷⁷

The Minister advised the Committee that the Department of Justice had implemented a flexible bed strategy, which provides 940 temporary beds across the prison system,

²⁷⁴ Auditor-General Victoria, *Addressing the needs of Victorian prisoners*, November 2003, p.17

²⁷⁵ Steering Committee for the Review of Government Service Provision, *Report on Government Services 2004*, table 7A.6

²⁷⁶ Hon. A. Haermeyer, Minister for Corrections, transcript of evidence, 21 May 2004, p.3

²⁷⁷ *ibid.*, pp.3–4

including bunks and relocatable cellular accommodation units (also referred to as demountables).²⁷⁸ The relocatable unit at the Dame Phyllis Frost Centre will be incorporated into the permanent accommodation at that facility. Other relocatable units will be used to facilitate prisoner accommodation while cell rectification and prison redevelopment works are being undertaken. In the longer term the units will provide capacity for the corrections system to meet any significant increase in prisoners temporarily accommodated otherwise in police cells.²⁷⁹

The Committee noted that current planning requires flexible beds to be retired progressively as permanent beds are built.²⁸⁰ However, the feasibility of this strategy will be monitored in the context of prisoner number trends to ensure that extra capacity exists within the prison system to allow for enough flexibility for good management of the system.²⁸¹

The Minister advised the Committee that one of the advantages of flexible (relocatable) units is that they enable the department to meet occasional peak loads or to reconfigure the prison system to meet short to medium term needs.²⁸² The Minister believed that given the lack of predictability of many of the factors that determine the quantum and mix of the prison population, this capacity will prove invaluable in meeting future needs.²⁸³

The Committee recognises that the Department of Justice faces a significant challenge in managing capacity across the Victorian prison network. The Committee encourages the department to continue to develop its forecasting models to ensure that excess temporary accommodation can be taken out of service in a timely manner without compromising service flexibility.

²⁷⁸ Minister for Corrections' response to the Committee's follow-up questions, p.1

²⁷⁹ *ibid.*

²⁸⁰ *ibid.*

²⁸¹ *ibid.*

²⁸² *ibid.*

²⁸³ *ibid.*

The Committee recommends that:

Recommendation 116: **Corrections Victoria review its forecasting models to ensure that it can optimise the capacity and distribution of temporary prison accommodation.**

(e) Lockdowns

Lockdowns – where prisoners are restricted to their cell – occur for a number of reasons including security and emergency management, staff training, special events such as meetings/ceremonies, industrial disputes and to assist in the short-term management of staffing issues.²⁸⁴

At the estimates hearing the Committee sought information on the incidence and duration of lockdowns at Victorian prisons. The Minister advised the Committee that during the past four years they have reduced dramatically:²⁸⁵

You will find that over the last four years they have dropped both in the private and the public system quite dramatically, because we have significantly improved staffing arrangements there. We have one prison where there has recently been an issue where prisoners had been locked down; that is a very temporary issue related not to chronic staff shortages but to staff turnover and our capacity to replace those staff. That is being addressed as a matter of urgency and we have also referred that matter to the prisons inspectorate to investigate, but we take prison lockdowns very seriously. They are significantly down, but at the women's prison there has been an issue which is related to turnover of staff, not chronic staff shortages.

The Committee sought further information from the Minister following the hearing on the incidence and duration of lockdowns at each of Victoria's 13 prisons in each month over the period July 2003 to April 2004. The Minister's initial response to the Committee indicated that:²⁸⁶

the data collected by Corrections Victoria in response to the specific request requires significant validation. The data will be provided to [the Committee] after validation has been completed.

On 29 September 2004 the Minister further advised the Committee that:²⁸⁷

²⁸⁴ *ibid.*, p.2

²⁸⁵ Hon. A. Haermeyer, MP, Minister for Corrections, transcript of evidence, 21 May 2004, pp.7–8

²⁸⁶ Minister for Corrections' response to the Committee's follow-up questions, p.2

²⁸⁷ Minister for Corrections' additional response to the Committee's follow-up questions, p.1

Compilation of the data in the format requested has been a complex and time-consuming task. However, Corrections Victoria has now completed an extensive survey across the prison system, and has produced a provisional response. These data have subsequently been forwarded to the Corrections Inspectorate for validation, and to provide an independent audit of the material.

The validated data on the incidence and duration of prison lockdowns over the identified period will be forwarded to the Chair of [the Public Accounts and Estimates Committee] once the review by the Corrections Inspectorate is completed.

The Committee is surprised at the delay in providing this information. The Committee looks forward to receiving this information soon and intends to address this issue as part of its Report on the 2003-04 Budget Outcomes.

10.8 Consumer Affairs portfolio

Consumer Affairs Victoria, a business unit of the Department of Justice, is responsible for delivering consumer protection services. Some services are provided directly by Consumer Affairs Victoria, whilst others are delivered by contracted non-government agencies, which provide services under service agreements. Services provided by contracted agencies may relate to a specific issue (such as tenancy support services) or the provision of a range of general services to a specific area.²⁸⁸

10.8.1 2004-05 outlook for the portfolio

The Minister outlined eight strategic priorities for the Consumer Affairs portfolio over the period 2003-2006:²⁸⁹

- address current and emerging marketplace issues;
- ensure existing interventions in the marketplace are efficient and effective;
- target issues of concern to vulnerable and disadvantaged consumers;
- provide leadership in alternative dispute resolution;
- strengthen compliance and enforcement;
- strengthen information and education services;
- modernise Consumer Affairs Victoria – 21st century systems and customer service; and
- interjurisdictional cooperation.

²⁸⁸ Consumer Affairs Victoria, *Annual Report 2002-03*, p.48

²⁸⁹ Mr J. Lenders, MLC, Minister for Consumer Affairs, transcript of evidence, 15 June 2004, p.3

Output initiatives in the 2004-05 Budget relating to consumer affairs will cost approximately \$1.4 million in 2004-05 (\$8.8 million over four years to 2007-08).²⁹⁰ The two initiatives are:²⁹¹

- \$1 million in 2004-05 (\$4.7 million over four years to 2007-08) to expand and administer the regulatory framework for bodies corporate and retirement villages. Initiatives may include advice and educational material for consumers and industry members, appropriate dispute resolution mechanisms and prudent management of corporate funds; and
- \$400,000 in 2004-05 (\$4.1 million over four years to 2007-08) to cover increased costs in providing trade measurement services. This has been driven by plans to include utility meters under the trade measurement regime.²⁹²

10.8.2 Analysis of the budget

The 2004-05 Budget for the output group for which the Minister for Consumer Affairs has responsibility is \$61.9 million, an increase of \$7.1 million from the expected outcome for 2003-04 (see exhibit 10.21).²⁹³

Appropriations from the Consolidated Fund account for around \$27.6 million (44.6 per cent) of Consumer Affairs Victoria's budgeted output costs in 2004-05, with trust funds contributing the remainder.²⁹⁴

The Minister advised the Committee that the main trust funds from which funding was drawn included the Victorian Property Fund (formerly Estate Agents' Guarantee Fund – \$16 million), Residential Tenancies Fund (\$11 million), Domestic Building Fund (\$3 million) and the Motor Car Traders' Guarantee Fund (\$3 million).²⁹⁵

The Minister advised the Committee that the increase in output costs in 2004-05 reflected greater activity under the Victorian Property Fund (previously Estate Agents' Guarantee Fund – \$4 million); budget initiatives (\$1.4 million); increased funding to the Domestic Builders Fund (\$800,000) and higher employee costs due to the Victorian Public Sector enterprise agreement (\$600,000).²⁹⁶

10.8.3 Performance measures

The performance measures for the Consumer Protection output were revised for the 2004-05 Budget, with all 14 performance measures included in the 2003-04 Budget

²⁹⁰ Budget Paper No. 3, *2004-05 Service Delivery*, p.291

²⁹¹ *ibid.*, p.291

²⁹² Minister for Consumer Affairs' response to the Committee's follow-up questions, p.4

²⁹³ Budget Paper No. 3, *2004-05 Service Delivery*, p.174

²⁹⁴ Minister for Consumer Affairs' response to the Committee's follow-up questions, p.2

²⁹⁵ Mr J. Lenders, MLC, Minister for Consumer Affairs, transcript of evidence, 15 June 2004, p.11

²⁹⁶ *ibid.*, p.8

Papers being discontinued.²⁹⁷ The expected outcome for all but one of these measures was in line with expectations.²⁹⁸

The 14 discontinued performance measures were replaced by seven new measures, comprising five quantity measures, one quality measure and one timeliness measure.²⁹⁹ At the estimates hearing, the Minister indicated that there was no discontinuity between the old and new measures, with the new measures arranged on a functional basis, covering the wide range of functions carried out by Consumer Affairs Victoria under the 48 Acts for which the Minister has responsibility.³⁰⁰

The Committee considers that Consumer Affairs Victoria should include better explanations and report more broadly in its annual report on the activities undertaken in its areas of responsibility (including compliance activities in residential tenancies, motor vehicle trading, real estate agents, trade measurement and fair trading).

The Committee recommends that:

Recommendation 117: Consumer Affairs Victoria report more broadly in its annual report on the outcomes of activities undertaken in relation to its areas of responsibility.

The Committee intends to follow up on specific aspects of Consumer Affairs' compliance activities as part of its Report on the 2003-04 Budget Outcomes.

10.8.4 Key issues impacting on the portfolio

The department's response to the Committee's questionnaire and the estimates hearing identified several issues that will impact on the portfolio and its Budget Estimates for 2004-05.

(a) Indigenous consumer protection

The Indigenous Consumers Unit at Consumer Affairs Victoria commenced operations in January 2003. The two goals of the Indigenous Consumers Protection Strategy are to increase awareness and protection of consumer rights for Indigenous Victorians and to ensure Consumer Affairs Victoria services are accessible to Indigenous communities across Victoria.³⁰¹

²⁹⁷ Budget Paper No. 3, *2004-05 Service Delivery*, pp.345–346

²⁹⁸ *ibid.*

²⁹⁹ *ibid.*, p.174

³⁰⁰ Mr J. Lenders, MLC, Minister for Consumer Affairs, transcript of evidence, 15 June 2004, p.6

³⁰¹ Consumer Affairs Victoria, *Indigenous Consumers Protection Strategy*, www.consumer.vic.gov.au, accessed 20 July 2004

The Minister advised the Committee that there had been a modest increase in the budget for the Indigenous Consumers Unit in 2004-05.³⁰²

The Committee noted that measures of success for the Indigenous Consumers Protection Strategy are:³⁰³

- an increase in enquiries from Indigenous people;
- monitoring and analysis of new and emerging issues through data collection;
- effectiveness of consumer education resources; and
- reports to the Ministerial Council for Consumer Affairs on the developments and implementation of the strategy.

The Minister advised the Committee that prior to the implementation of the strategy in 2002-03 there were only eight identified enquiries or complaints from Indigenous consumers in the previous year.³⁰⁴ Anecdotal evidence suggested that the main consumer issues affecting Indigenous consumers related to debt and tenancy.³⁰⁵

Data for 2002-03, which included six months operation of the Indigenous Consumers Unit, identified that Indigenous consumers made up a very small proportion of contacts with Consumer Affairs Victoria relative to the general population (see exhibit 10.22).

³⁰² Mr J. Lenders, MLC, Minister for Consumer Affairs, transcript of evidence, 15 June 2004, p.7

³⁰³ Consumer Affairs Victoria, Indigenous Consumers Protection Strategy, www.consumer.vic.gov.au, accessed 20 July 2004

³⁰⁴ Minister for Consumer Affairs' response to the Committee's follow-up questions, p.2

³⁰⁵ Mr J. Lenders, MLC, Minister for Consumer Affairs, transcript of evidence, 15 June 2004, p.7

**Exhibit 10.22: Indigenous consumer contacts
2002-03**

	Total	Indigenous consumers	Indigenous consumer share (per cent)
Enquiries	216,560	91	0.04
Written complaints	12,480	17	0.14
Investigations	1,091	1	0.09
Total	230,131	109	0.05

Source: Minister for Consumer Affairs' response to the Committee's follow-up questions, p.2

More recent information indicates that contact between Consumer Affairs Victoria and Indigenous consumers was increasing, with the Indigenous consumers hotline receiving 350 enquiries in the 12 months to January 2004.³⁰⁶

The Committee also noted that in addition to a range of pro-active education and information activities, the Indigenous Consumers Unit was developing partnerships with relevant Government agencies including the Equal Opportunity Commission, Office of the Public Advocate and the Energy and Water Ombudsman of Victoria.³⁰⁷ These agencies also assist Indigenous people with a range of specific services, including dispute resolution.

Increased awareness is a good indicator of the success of the education and information activities developed by the Indigenous Consumers Unit. The Committee believes that it would be useful for the Indigenous Consumers Unit to monitor the level and nature of contacts between Indigenous consumers and partner agencies so that appropriate strategies can be developed to further improve services. The Committee encourages the Unit in its agreements with partner agencies to include mechanisms that provide a range of quantitative and qualitative information regarding contacts with Indigenous consumers.

The Committee also believes that Consumer Affairs Victoria should separately report on the activities of the Indigenous Consumers Unit in its annual report. The Committee believes that such reporting should also include a range of performance measures that align with the measures of success developed for the Indigenous Consumers Protection Strategy.

³⁰⁶ Consumer Affairs Victoria, *A successful year for CAV's Indigenous Consumers Unit*, CAVLink 2004, Issue No. 1

³⁰⁷ *ibid.*

The Committee recommends that:

Recommendation 118: **Consumer Affairs Victoria separately report on the activities of the Indigenous Consumers Unit in its annual report, including its progress against the measures of success for the Indigenous Consumers Protection Strategy.**

(b) New service delivery model

Contracted community agencies provide a range of consumer services in Victoria, with some agencies providing specialist services, while other agencies focus on more general services in particular geographical areas. In 2002-03, the value of payments to contracted agencies was \$3.7 million,³⁰⁸ with payments expected to decrease to \$3.5 million in 2004-05.³⁰⁹

A review commissioned by the Minister of Consumer Affairs on Victoria's relationship with community agencies was finalised in February 2004.³¹⁰ The review included a number of recommendations relating to reshaping the role of Consumer Affairs Victoria and community agencies in the delivery of information and advocacy services based on a new service delivery model:³¹¹

the thrust of the new model is to shift responsibility for telephone information and enquiries services, the bulk of conciliation services and consumer education to Consumer Affairs Victoria and to provide grants to community based organisations to provide face to face advocacy services to individual consumers, in particular to vulnerable and disadvantaged groups. As well, grants will be offered to community based organisations to deliver specialist services.

The intention of Consumer Affairs Victoria in developing a new service delivery framework is to improve access to consumer protection services, particularly for vulnerable and disadvantaged groups.³¹² The Minister advised the Committee that some of the more vulnerable consumers could not easily find suitable services because of location or 'badging' (promotion of services).³¹³

Mobile pilot programs based on a new service delivery model were due to commence in July 2004 in north eastern Victoria and eastern metropolitan Melbourne. As part of the pilot, an enhanced Consumer Affairs Victoria office will be established in

³⁰⁸ Consumer Affairs Victoria, *Annual Report 2002-03*, pp.102–103

³⁰⁹ Minister for Consumer Affairs' response to the Committee's follow-up questions, p.2

³¹⁰ Hon. J. Scheffer, MP, *Consumer Affairs Victoria Community Program: The Way Forward*, February 2004

³¹¹ *ibid.*, p.10

³¹² *ibid.*, p.3

³¹³ Mr J. Lenders, MLC, Minister for Consumer Affairs, transcript of evidence, 15 June 2004, p.4

Wangaratta with a mobile unit to provide consumer information, face-to-face conciliation and consumer education services.³¹⁴

Community agencies currently providing services in the upper Murray-Wodonga and Goulburn-Shepparton regions and Boronia and Box Hill in Melbourne will be replaced by mobile services to ensure more flexible delivery of services in these regions.³¹⁵

The pilot programs are being implemented in conjunction with changes to service agreements with community agencies, which have been extended by a further 12 months to 30 June 2005.

The Committee noted that from 1 June 2005, the new Consumer Affairs Victoria service model will include the establishment of further permanent offices and mobile units, although a grants program for the provision of specialist consumer services will be retained, including input on consumer policy issues, training initiatives, consumer education and advocacy on a range of consumer issues in the public interest.³¹⁶

The Committee believes that in implementing the new model, it is important for Consumer Affairs Victoria to develop performance information to evaluate the system and identify areas for improvement. The Committee believes that this should cover issues relating to the accessibility of services and the quality of information (including accuracy, service standards and relevance) provided to consumers, especially those considered to be vulnerable. Such an evaluation should also consider community satisfaction with the manner and quality of information delivered under the new model.

The Committee recommends that:

Recommendation 119: **Consumer Affairs Victoria develop an evaluation strategy and performance measures for the new Consumer Services service delivery model that can clearly identify the benefits of the new model and areas for improvement.**

³¹⁴ Consumer Affairs Victoria, *More consumers to benefit from an expanded service*, *CAVLink*, Issue 1 2004

³¹⁵ *ibid.*

³¹⁶ *ibid.*

10.9 Gaming portfolio

10.9.1 2004-05 outlook for the portfolio

The Minister for the Gaming informed the Committee that the main challenges for the portfolio in 2004-05 were:³¹⁷

- continuing to regulate gambling to ensure that lawful gambling opportunities are provided responsibly, fairly and with high levels of probity;
- establishing the new Commission for Gambling Regulation;
- commencing the review of the gaming machine operator, wagering and lotteries licences; and
- engaging stakeholders in a meaningful debate about responsible gambling, led by the Advocate for Responsible Gambling and the Problem Gambling Roundtable.

Two major initiatives are planned for the portfolio for 2004-05, namely:

- commercial gambling licences review (a budget of \$2.9 million has been provided in 2004-05 and \$1.3 million in 2005-06). Victoria's two electronic gaming machine operator licences and the state's single wagering licence expire in 2012. Tattersalls holds licences to conduct lotteries that expire in 2007. Funding will allow for a review of the current licensing arrangements to determine the future structures,³¹⁸ and
- setting up the new Victorian Commission for Gambling Regulation. The announcement to establish this body was made after the budget was released, hence neither the Commission nor the funding of it, is identified in the budget.³¹⁹

With respect to the review of gaming licences, the Department of Justice identified potential inadequate management of the review as a key risk for the agency in 2004-05. The department advised the Committee that stakeholder expectations had to be managed effectively. The risk was being managed through.³²⁰

³¹⁷ Hon. J. Pandazopoulos, MP, Minister for Gaming, response to the Committee's follow-up questions, p.3

³¹⁸ Budget Paper No. 3, *2004-05 Service Delivery*, p.291

³¹⁹ Hon. J. Pandazopoulos, MP, Minister for Gaming, media release, *Government announces Commissioners to head new gambling watchdog*, 1 July 2004

³²⁰ Department of Justice response to the Committee's *Budget Estimates Questionnaire 2004-05*, p.6

- establishment of an interdepartmental committee;
- engagement of a probity adviser; and
- monitoring and reporting to Ministers and Cabinet.

10.9.2 Analysis of the budget

The Minister for Gaming has the sole responsibility for the Regulation of Gambling output and shared responsibility for the Gaming and Racing Industry Management output in the Department of Justice. Exhibit 10.19 shows that these outputs account for \$27.2 million, or about one per cent of the department’s 2004-05 Budget.³²¹

**Exhibit 10.19: Gaming portfolio
Output costs**

Output Group	Outputs under the responsibility of the Minister for the Gaming	2004-05 Budget (\$ million)
Regulating Gaming and Racing	Regulation of Gambling	18.9
	Gaming and Racing Industry Management (a)	8.3
Total (b)		27.2

Notes: (a) This output is the joint responsibility of the Minister for Gaming and Minister for Racing
 (b) Data include the output Gaming and Racing Industry Management which is jointly shared with the Minister for Racing

Source: Budget Paper No. 3, 2004-05 Service Delivery, pp.175–176

The Minister for Gaming informed the Committee that the main components of the above funding are:³²²

- \$17.8 million for the new Victorian Commission for Gambling Regulation’s regulatory activities;
- \$2.9 million for the cost of the review of the gaming, wagering and lotteries licences; and
- about \$1.5 million to cover general escalation of operating costs and increased salary costs under the new enterprise bargaining agreement.

³²¹ *ibid.*, p.3

³²² Minister for Gaming’s response to the Committee’s follow-up questions, pp.2–3

10.9.3 Performance measures

The Committee notes that there are 15 performance measures in the Regulating Gaming and Racing output group (which also covers racing).³²³ Most of the performance indicators relate to the outcome of compliance and regulation activity in the gaming and racing industry which is appropriate given the role of these portfolios. However, given that the outputs in these portfolios are to contribute to the key Government outcome of Building Cohesive Communities and Reducing Inequalities,³²⁴ the Committee believes that additional indicators are required to measure the impact of gaming and racing on the community. This matter is dealt with in the key issues section below.

Three measures from the previous budget have been discontinued and there are five new measures.³²⁵ One new measure is a refinement of a discontinued measure. The other two discontinued measures relate to programs that are now complete. Two new measures relate to quality of stakeholder satisfaction and successful appeals.

10.9.4 Key issue impacting on the portfolio

The department's response to the Committee's 2004-05 Budget Estimates questionnaire and the estimates hearing identified two issues that will affect the portfolio and its Budget Estimates for 2004-05.

(a) Gambling Research Panel

The department is responsible for administering the Gambling Research Panel, an independent research body that commissions, monitors and publishes research relating to.³²⁶

- the social and economic impact of gambling; and
- the causes of problem gambling and strategies to minimise harm from gambling.

³²³ Budget Paper No. 3, *2004-05 Service Delivery*, pp.175–176

³²⁴ *ibid.*, p.175

³²⁵ Comparisons between the two Budget years. Source: Budget Paper No. 3, *2004-05 Service Delivery*, pp.175, 176, 346; Budget Paper No. 3, *2003-04 Budget Estimates*, pp.237–238

³²⁶ The Panel's website (www.grp.vic.gov.au) under "What are the functions of the Gambling Research Panel" in FAQ

The Committee is aware that three commissioned research reports were released in 2003-04:³²⁷

- *2003 Victorian Longitudinal Community Attitudes Survey*, which reports on the gambling practices, perceptions and attitudes of a sample of Victorians;
- *Validation of the Victorian Gambling Screen*, which evaluates the measurement qualities and validity of a new problem gambling screen, the Victorian Gambling Screen; and
- *Problem Gamblers, Loved Ones and Service Providers*, which investigates the impact of gambling on the financial, psychological, familial, recreational, legal and employment domains of the problem gambler.

However, the Committee is concerned about the apparent slow progress of the Panel in drafting its research plan and in publishing reports.

As of July 2004, the Committee notes that of the 12 research projects identified in the Panel's 2002-03 and 2003-04 research plans:³²⁸

- no reports have been released;
- one report was at draft stage and was under consideration by the Panel;
- two projects had commenced;
- one project was at the scoping stage; and
- seven had not yet commenced.

The Committee notes that the Gambling Research Panel's research plan for 2003-04 was not released until January 2004.³²⁹ The Minister advised the Committee that the Panel forwarded a draft for his consideration in late July 2003. The Minister has advised the Panel that he would like the opportunity to consider the 2004-05 research plan much earlier.³³⁰

In its 2003-04 Estimates Report, the Committee suggested that more information should be available to monitor the effectiveness and efficiency of the Gambling Research Panel's efforts in identifying suitable research projects and managing their completion in a timely manner.³³¹ The 2004-05 Budget Papers contains the new measure: "[Number of] research reports commissioned by the Gambling Research

³²⁷ Based on an assessment of projects shown on the Panel's website (www.grp.vic.gov.au) under "Research Status"

³²⁸ A further project was identified as an extension of a previous study. Source: the Panel's website (www.grp.vic.gov.au), under "Research Status"

³²⁹ Hon. J. Pandazopoulos, Minister for Gaming, media release, *Victoria continues to lead problem gambling research*, 2 January 2004

³³⁰ Minister for Gaming's response to the Committee's follow-up questions, p.6

³³¹ Public Accounts and Estimates Committee, *Report on the 2003-2004 Budget Estimates*, 54th Report, September 2003, pp.369–370

Panel”.³³² While this new indicator is useful, the Committee believes that it would be preferable to have measures that focus on the effectiveness of the research outcomes and the timeliness of completion of the projects, rather than just the number commissioned.

The Panel has a very important community role in researching problem gambling and recommending strategies to the Government to minimise harm from gambling. In order for the Government to facilitate funding and implement new strategies, it is also critical that it receives timely, high quality advice from the Panel.

The Committee is aware of a Government announcement in October 2004 of a new ministerial advisory committee to advise on research into problem gambling and the establishment of a new expert panel to monitor gambling research.³³³ At the time of preparation of this report, the future of the existing Gambling Research Panel was unclear.

The Committee recommends that:

- Recommendation 120:** **The Department of Justice ensure that:**
- (a) appropriate performance measures and targets are established, which enable an assessment of the project costs, timeliness and implementation outcomes of the Gambling Research Panel or its successor; and**
 - (b) performance information is reported in the annual report of the Gambling Research Panel or its successor.**

³³² Budget Paper No. 3, *2004-05 Service Delivery*, p.175

³³³ Hon. J. Pandazopoulos, Minister for Gaming and Hon. S. Garbutt, Minister for Community Services, media release, *\$26.7 million and a new focus on responsible gambling*, 14 October 2004

10.10 Racing portfolio

10.10.1 2004-05 outlook for the portfolio

The Minister for Racing informed the Committee that the priorities for the portfolio in 2004-05 were:³³⁴

- support the operation of the Racing Museum at Federation Square;
- support the efforts of the Victorian racing industry to gain a fair return from interstate and overseas bookmakers;
- work to protect Victoria's interests in the merger between TABCORP Holdings Ltd and TAB Ltd (NSW);
- continue to work with Country Racing Victoria to improve the tenure of racing clubs located on Crown Land; and
- encourage racing industry's targeting of participation by women and young people in key industry roles.

No new initiatives were announced in the 2004-05 Budget. However, two initiatives were carried over from previous budgets into 2004-05:

- transitional funding to compensate the racing industry from the impact of an additional levy on gaming machines: (\$4 million for each year, from 2001-02 to 2005-06).³³⁵ The Minister advised that compensation will continue to at least 2006.³³⁶ Payments will be directed to Racing Victoria, Harness Racing Victoria and Greyhound Racing Victoria³³⁷; and
- Living Country Racing Program: (\$400,000 for each year, 2003-04 to 2006-07). This initiative will assist in funding facility improvements at country racecourses with a particular emphasis on developing facilities that enjoy wide community use.³³⁸ The department advised that the 2003-04 grants have been announced and guidelines and application forms for 2004-05 have been distributed to racing codes.³³⁹

³³⁴ Hon. J. Pandazopoulos, MP, Minister for Racing, transcript of evidence, 24 June 2004 pp.2–3; Hon. J. Pandazopoulos, MP, Presentation at the 2004-05 Budget Estimates hearing, 24 June 2004

³³⁵ Budget Paper No. 2, 2001-02, *Budget Statement*, pp.264–266; Budget Paper No. 2, 2002-03, *Budget Statement*, p.210

³³⁶ Hon. J. Pandazopoulos, Minister for Racing, transcript of evidence, 24 June 2004 p.3

³³⁷ Hon. J. Pandazopoulos, Minister for Racing, media release, *Government backs Victorian racing industry*, 9 May 2004

³³⁸ Budget Paper No. 2, 2003-04 *Budget Statement*, pp.232, 235

³³⁹ Department of Justice response to the Committee's 2004-05 Budget Estimates questionnaire, p.9

10.10.2 Analysis of the budget

The Minister for Racing shares responsibility for the Gaming and Racing Industry Management output in the Department of Justice. The output provides leadership and strategic policy advice on the management and regulation of the gaming and racing industries. This output accounted for \$8.3 million, or 0.3 of one per cent of the department's 2004-05 Budget.³⁴⁰

10.10.3 Performance measures

Two performance measures relate solely to the Racing portfolio, while a further five measures concern racing and gaming jointly.³⁴¹ The Committee notes that the measures focus on compliance and regulatory activity in the gaming and racing industry which is appropriate given the role of these portfolios.

10.10.4 Key issue impacting on the portfolio

The department's response to the Committee's *2004-05 Budget Estimates questionnaire* and the estimates hearing identified the following issue that will affect the portfolio and its budget estimates for 2004-05.

(a) Off-shore and cross-border betting

The Minister for Racing advised the Committee that racing is an important industry to the economy, generating \$2 billion annually and employing around 60,000 people.³⁴²

The Committee is aware that, over the past forty years or so, the Australian racing industry has grown heavily dependent on revenue streams from off-course totalizator wagering on its product. Industry estimates are that over 70 per cent of total revenue is derived from wagering.³⁴³

The Minister expressed concern over two modes of gambling that pose a threat to the integrity of the industry and the existing wagering operations: betting exchanges and cross-border betting.³⁴⁴ As Victoria cannot regulate these forms of internet betting, there is no contribution to Victorian racing from these wagering activities.

Betting exchanges operate by providing an online brokerage service between two or more bettors on a particular event. The exchange levies a small commission on the

³⁴⁰ *ibid.*, p.3

³⁴¹ Budget Paper No. 3, *2004-05 Service Delivery*, pp.175–176

³⁴² Hon. J. Pandazopoulos, MP, Minister for Racing, transcript of evidence, 24 June 2004, p.2

³⁴³ Both on- and off-course wagering. Source: Australian Racing Board, Press release, *Cross-border remote betting by bookmakers*, 31 July 2002

³⁴⁴ Hon. J. Pandazopoulos, MP, Minister for Racing, transcript of evidence, 24 June 2004 p.2

players' net winnings. With an estimated 90 per cent market share, Betfair is currently the largest global provider of betting exchange services,³⁴⁵ with an estimated turnover of \$150 million derived from racing per week.³⁴⁶ As this service is operated via the Internet, the Minister advised that the Government is unable to control its operations, despite it being against Victorian law. The Committee was informed that the Victorian Government, along with other states, has made a submission to the Federal Government asking it to prohibit betting exchanges. However, in July 2004 the Federal Government decided not to intervene in the matter. The Minister advised that the Victorian Government would review its capacity to ensure the Victorian racing industry is in a position to protect itself from activities of unregulated Internet based wagering providers.³⁴⁷

Cross-border betting is the process where corporate bookmakers, mostly located in the Northern Territory and ACT, operate a wagering service on race meetings in the states. Unlike on-course bookmakers, corporate bookmakers make no direct contribution toward the funding of (metropolitan) racing on which it is understood the bulk of their betting is transacted.³⁴⁸

The Minister informed the Committee that the Australian Racing Board, on behalf of all three racing codes, unsuccessfully attempted to reach a fair and reasonable agreement with the corporate bookmaking industry.³⁴⁹ While there was an in principle agreement among corporate bookmakers about a product licence fee which would be returned to the racing industry, the Minister advised that there was no agreement about what that would entail.³⁵⁰

The Committee acknowledges that the ongoing integrity and viability of the racing industry is under threat from the above activities, which also contribute to revenue shortfalls for the Government. The Committee considers that in the absence of a unified national approach, it will remain very difficult to attempt to control off-shore betting exchanges which use the Internet. However, the department should continue to explore options with other states to control cross-border betting with a view to requiring corporate bookmakers to contribute to the racing industry from which they directly profit.

³⁴⁵ Department of Communications, Information Technology and the Arts, *Review of the operations of the Interactive Gambling Act 2001, Report*, July 2004, pp.7–8

³⁴⁶ Hon. J. Pandazopoulos, MP, Minister for Racing, transcript of evidence, 24 June 2004 p.5

³⁴⁷ Minister for Racing's response to the Committee's follow-up questions, p.5

³⁴⁸ Conference of Australasian Racing Ministers, Report on the cross-border betting taskforce, November 2002, p.iv

³⁴⁹ Minister for Racing's response to the Committee's follow-up questions, p.4

³⁵⁰ Hon. J. Pandazopoulos, MP, Minister for Racing, transcript of evidence, 24 June 2004 p.6

The Committee recommends that:

Recommendation 121:

The Department of Justice:

- (a) provide support to the Victorian racing industry in its endeavours to minimise the negative impact from the activities of unregulated Internet based wagering providers; and**
- (b) explore options with other jurisdictions to control cross-border betting.**

