Fee Review for the Registry of Births, Deaths and Marriages

Regulatory Impact Statement

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Executive Summary

Society has placed greater requirements on the Victorian Registry of Births, Deaths and Marriages (the Registry) to verify the basic information that they collect, document and furnish. This change in expectation has been driven by an increased awareness and focus on the risks of identity fraud and management of personal information. Over recent years this increased requirement has not been accompanied by increased fees and the service has become under-resourced.

For most applicants for birth, death, and marriage certificates it is proposed to increase fees by 43 per cent. This reflects the considerable increase in verification that has been required – one feature of which is the “front desk” increase in processing time from 1.5 to 5.5 minutes per application. Further, the time taken to process change of name applications has increased from 15 minutes to 38 minutes. These enhanced verification requirements have been driven by government and public concerns regarding identity fraud, which poses a significant risk to Australians. A report released by SIRCA in 2003 estimated the cost of identity fraud to be $1.1 billion.

Fees have been increased only once over the past eight years and cost increases have been absorbed, albeit with a serious deterioration in service levels. The proposed increase in fees (which still leaves Victorian fees considerably below those of most other jurisdictions) will allow service levels to be restored without requiring support from the taxpayer.

The increased costs apply broadly across the community. One sector that might be more affected comprises those concerned with genealogy research.

For the most part the fees for the targets of genealogical research are people who are deceased and are referred to as “heritage” records. The Registry has discretionary control over pricing for these records, although historically these fees have been set at the same price as for restricted certificates. One option, which the Registry proposes to follow, is to maintain the existing fees for the supply of heritage records where this does not impose the same costs on the Registry as is the case with records which are used as the basis for certificates for proof of identity purposes. This reduced fee will only be available where the applicant downloads a heritage record on-line or applies for an uncertified copy of a “heritage” record quoting the registration number.

The additional revenue raised by this proposal is $2.2 million out of a 2005/6 budget of $7.7 million.
1. What is the issue/problem to be addressed?

**Key points**
- The Government has placed greater security requirements on the Registry of Births, Deaths and Marriages to verify the basic information that they collect and supply in the form of certificates.
- Over recent years this increased requirement has not been accompanied by increased fees and the service is under-resourced. The proposal is for fee increases to finance the increased work.

**Background**

The *Births, Deaths and Marriages Registration Act 1996* implemented an agreement of the Standing Committee of Attorneys-General made in February 1995 to introduce national common model legislation dealing with the registration of births, deaths, marriages and changes of name. The legislation also provides for a common approach in all States and Territories for access to the Registers held in each jurisdiction.

The work of the Registry of Births, Deaths and Marriages (the Registry) is fundamental to the organisation of society and underpins many important transactions, from enrolment at primary school or passport application to the intergenerational transfer of property. Australian Registries of Births, Deaths and Marriages are also a major supplier of national demographic data.

The Registrar has a legislative responsibility to provide registration, maintenance of the register and issuance of certificate services. Section 6 of the *Births, Deaths and Marriages Registration Act 1996* requires that the Registrar administer the registration system established by the Act and ensure that it operates efficiently, effectively and economically.

**Outcome of previous policy setting changes**

In 1997, following a general review of fees across all Victorian agencies, the fees for searching the register and issuing a certificate from the Registry was reduced from $32.00 to $17.00. Those fees prevail today except for having been increased by 3 per cent as a result of specific cost based increases in 2002. The increase in general price inflation over the period was 23.5 per cent.

As a result of the changes in 1997/8, revenue was reduced by $1.2 million per annum. There was an initial revenue shortfall although this was moderated by cost improvements that were introduced in the period up to and following the fee change, and which formed a major part of the case for the price reduction. These included a greater computerisation of the records facilitating easier retrieval.

The process of registration was simplified considerably as a result of these changes. This included reducing the number of fee based “products” from 13 to 5. In terms of effort expended in the Registry process, 1.5 minutes per certificate application was budgeted to determine the 1997 cost base.
Market based alternatives and risks associated with non-intervention

While many other public and private sector institutions constantly gather and process personal information, an agency like the Registry is indispensable in a modern nation.

Information produced by the Registry is needed as positive proof of identity. The National Proof of Identity Framework, used by Commonwealth and many state organisations requires a person to present proof of the right to be in Australia. Often this is provided in the form of a birth certificate. Marriage certificates and change of name certificates are used as evidence of change of name. The Registry is playing an increasingly important role in the delivery of identity management services to Victorians and as a result has taken steps to increase the integrity and security of its services.

One important measure was the introduction of the National Proof of Identity framework within the Registry to support the bona fides of an applicant's purported identity. As a result, processing times for certificate, change of name and Registry amendment applications have been increased. The results have come about because prior to the introduction of the proof of identity requirements no verification of a person's purported identity was undertaken.

A fundamental driver for this proposal is that beneficiaries and users of the Registry's services pay for the costs of these services and that the costs are not borne by non-users. The current fee structure does not recover the costs of certificate application, change of name and Registry amendment services in light of improved service outcomes as committed to by Government. Consequently the proposed fee changes are necessary.

The key risks of not proceeding with the proposed increase are:

- Increased turnaround times for certificate applications. It will take an average of 15 working days to process a mailed certificate application. Previously turnaround times were less than 3 working days.
- Increased turnaround times for change of name applications. It will take an average of 30-35 working days to process an application. Previously turnaround times were less than 10 working days.
- An inability for the Registry to develop and implement increased security measures to counteract the risks of identity fraud. Following on from this there is the strong possibility that Registry issued documents would become less accepted by relying organisations.

In this respect, the recent initiative announced by the Premier seeking regulatory reform recognised security as an exception. It said, “Regulation should always be based on a broad consideration of benefits, costs and risks. While in some areas (for example, counter-terrorism) regulation may need to increase, it needs to be recognised that the cost of regulation affects productivity and growth in all nations, including Australia.”

Birth, death and marriage information is also a major source of data for genealogists involved in such matters as tracing family trees, or for people engaged in tracing missing heirs.

1 2005-06 Victorian Budget.

Authorising Provision
The heads of power for the proposed fees regulation are under section 25(2), 26(2), 43(6), 45(2) and 57(3) of the Births Deaths and Marriages Registration Act 1996. Section 59 provides a broad regulation making power for the proposed rule.
2. Objectives

- The objectives of this proposal are:
  - Recover the cost of processing certificate, change of name and Registry amendments from customers.
  - Improve service delivery timeframes to customers whilst meeting quality and security requirements.

The objectives to be achieved

The expected outcomes of this proposal are:

- Cost recovery of Registry functions relating to certificate, change of name and Registry amendment applications.
- Improve the service delivery timeframes for these functions whilst maintaining and improving quality and security.

Changes have been made to government policy regarding identity fraud and more recently national security, including far more stringent proof of identity procedures. These are designed to offer greater certainty about the integrity of the information held and issued by the Registry, information that is a basis of other proof of identity. The changes have made it essential for the Registry to undertake much stricter verification of people. These pressures have resulted in increased costs, the coverage of which, in line with general government policy on these matters, requires increased fees.

The efficiency and necessity of increased costs has been supported by independent reports and endorsed by the Cabinet’s Expenditure Review Committee. The proposed price increases have been estimated to allow full recovery of these costs.

Exploration of the objectives

Recognition of the concern about identity fraud and security of identity documentation has led the Registry to make fundamental adjustments to the manner in which it operates with respect to:

- Developing and implementing new organisational responses to emerging security issues (eg. introduction of stringent Proof of Identity requirements);
- Enhancing the Registry’s technological capabilities and staff competencies in this specialised area;
- Managing requests from law enforcement, other government agencies and private organisations for identity document verification; and
- Ensuring the integrity and security of the Registry’s services. This is critical to maintaining stakeholder and public confidence in these key documents and mitigating the risk of identity fraud, thereby contributing to safer communities.

The current fee structure does not recover the costs of certificate application, change of name and Registry amendment services in light of improvements which have been
implemented regarding proof of identity and consequently the proposed fee changes are necessary.

**Changes to the Operating Environment**

Over the last five years there have been significant changes to the Registry's operating environment. The key driver behind these changes is the concern about the risks associated with identity fraud and the associated need to strengthen identity management approaches in Australia. One manifestation of the requirement for increased certainty about the identity of those with whom people interact is that the Registry has experienced a 32% increase in customer demand for its services since late 2003.

This increase in demand has principally been driven by changes implemented by other organisations, such as the Australian Passport Office and Vic Roads, which have implemented significantly more stringent proof of identity policies, requiring the presentation of the Registry issued documents in more instances.

For example, the Australian Passports Office and Vic Roads now require that all applicants who wish to get their passport or driver licence in their married name present a marriage certificate issued by the Registry. Further, if a person was married overseas, the Australian Passports Office and VicRoads now requires that the applicant legally change their name through an Australian Registry if they want their passport or driver licence issued in their married name. Additionally, people who have previously changed their name by deed poll generally cannot present their deed poll documents as evidence of their last legal change of name to many organisations. Such people are now required by these organisations to apply to change their name through the Registry.

The main focus of the new proof of identity framework is the requirement for birth, death, marriage and change of name certificates to be produced that can be verified back to an Australian source Registry – via a National Certificate Validation Service. All Australian Registries of Births, Deaths and Marriages have been affected by these new proof of identity requirements. With an increasing commitment to adopting the National Proof of Identity Framework across Australia, a permanent solution in the form of an increased resource allocation to the Registry is now urgently required.

An illustration of the probable continuance of change in this area is the recent announcement by the Australian Taxation Office (ATO) regarding a crackdown on identity fraud, claiming that identity fraud now accounted for about 50 per cent of all fraud cases handled by the agency, up from 15 per cent two years ago. (**Australian Crime Commission Bulletin September 2004**). This reflects the general international trend to address the growing incidence of identity fraud where for instance, it has been reported that the problem of identity theft is becoming a growing concern in the UK, with incidents of identity theft soaring by 45% in the latest year (**Australian Crime Commission Bulletin October 2004**).

The victims of identity theft experience significant personal loss, violation of their privacy and difficulties in re-establishing the credibility of their identity. Consumers increasingly expect organisations to institute measures which protect their personal information and governments across Australia are developing and implementing fraud control responses to deal with this issue.

The popular calls for more careful management of identity documentation have reinforced the demands from peak bodies concerned with fraud. The Australian Crime Commission recently commented that, "[i]dentity theft in Australia is likely to remain a concern for law enforcement, public and private agencies in the coming years." The effect of this on the

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Registry is that customers and key stakeholder groups will expect an increased level of document integrity and process security. Registries are issuers of cardinal identity documents and consequently play a critical role in maintaining and enhancing the integrity of identity management frameworks. The possible consequences of poor process or document integrity can be far reaching as indicated by the Australasian Identity Crime Policy Strategy,

"Identity crime’ is a broad term used to describe offences in which a perpetrator uses a false identity in order to facilitate the commission of a crime. Identity crime can underpin and facilitate a range of crimes including people smuggling, drug trafficking, money laundering, paedophilia, terrorism and murder, but is most commonly typified by identity fraud."^{4}

The Registry began to experience a major increase in demand at the end of 2003. This demand is being driven by fundamental changes which respond to both prevention and detection demands as illustrated by:

- The Federal Attorney General has announced a Whole of Government Identity Fraud Project to develop a national document verification system designed to tackle identity-related crime. The system is being developed as part of the Austrac Proof of Identity Steering Committee of which the Council of Australasian Registrars is a member.\(^5\)
- The Whole of Government Identity Fraud Project is also developing recommended standards for proof of identity documentation.
- The Australian Taxation Office (ATO) recently claimed that identity fraud now accounted for about 50 per cent of all fraud cases handled by the ATO, up from 15 per cent two years ago.\(^6\)
- Commitment of additional resources in the 2003-04 Commonwealth Budget for Centrelink to establish skilled investigative teams to increase the focus on identity related fraud. A phased implementation commenced in January 2004 and will continue over several years\(^7\)
- The Inquiry into Fraud and Electronic Commerce conducted by the Drugs and Crime Prevention Committee of the Victorian Parliament which concluded that identity related fraud represents a risk to Victorians.\(^8\)
- The Section 27AB of the Transfer of Land Act 1958 (Vic) envisages that the Registrar of Titles will establish requirements for the verification of identity of any person by or on behalf of whom an instrument for the transfer of land was executed. It is proposed that identity requirements will be based on the Financial Transaction Reports Regulations 1990 (Cth) which include birth certificates as evidence of identity.\(^9\)
- In August 2004 the Standing Committee of Attorneys-General noted the National Proof of Identity Framework. The Framework has already been adopted by several Commonwealth and State agencies including Road Traffic Authorities. It is likely that other state and commonwealth agencies will adopt this framework in the short-

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\(^5\) The Age, 'Govt Agencies Set to Trial ID System', 21 January 2005
\(^6\) Australian Crime Commission Bulletin, September 2004
\(^7\) Centrelink Annual Report 2003-04
\(^9\) Electronic Conveyancing Implementation - Land Registry Requirements (Version 9.4, 7 March 2005)
medium term, increasing the level of demand for the Registry's services in the future.

- The Identity Crime Task Force established by the Australian Police Minister's Council (APMC) finalised a report, which was tabled at the APMC meeting in November 2004. The report contained recommendations relating to the prevention, detection and investigation of identity crime in Australasia.  

These matters were given vastly increased momentum as a result of the tragedies seen in London, New York and Bali. The public now expects far greater scrutiny prior to the issuance of basic personal identification documentation.

**Consistency with the Government's strategic aims**

The Victorian Government has recognised that the Registry confronts a very different environment today from that which set its administrative agendas only a few years ago. This has called for a considerable increase in verification procedures, which in turn means higher costs and hence higher charges.

Following an Auditor General report in June 2002, the Registry moved toward strengthening its application processes and improving its fraud prevention and control measures. The Auditor General's report specifically identified proof of identity as a major contributor to reducing the potential for an individual to falsely apply for and obtain another person's certificate. The report stated that, "as the sole issuer of birth certificates within Victoria, [the Registry] has a responsibility to implement controls that minimise the risk of fraudulent activities involving certificates issued by the Registry, or purported to have been issued by the Registry."  

Following the Auditor General's report proof of identity requirements based on the National Proof of Identity Framework, were progressively introduced for all certificate applications between September 2002 and February 2003.

This was followed in January 2004, with an announcement by the Minister for Victorian Communities of the introduction of new security features in certificates issued by the Registry, stating that "birth certificates, in particular, are used as a primary proof of identity document for a wide variety of purposes such as opening bank accounts, obtaining credit and accessing Centrelink payments. The integrity of certificates issued by the Registry of Births, Deaths and Marriages is of great importance and these new features, which are being adopted nationally, will crack down on identity fraud."  

In August 2004 the Standing Committee of Attorneys General noted the National Proof of Identity Framework and since that time numerous agencies, including VicRoads, have adopted the framework as the basis of their proof of identity requirements.

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11 Auditor General Victoria, Report on Public Sector Agencies, June 2002
13 Department for Victorian Communities, 2002-03 Annual Report, page 54
14 Media Release: Crackdown on Identity Fraud, Office of the Premier, 16 January 2004
In May 2005 the government announced additional resources for the Registry to meet the public demand for services that is being driven by changes to proof of identity requirements and ensure Victorians are better protected from identity theft.\(^1\)

The Council of Australian Governments' (COAG) Special Meeting in September 2005 agreed that the preservation and protection of a person's identity is a key concern and right of all Australians. COAG agreed to the development and implementation of a better National Identity Security Strategy to protect the identities of Australians. The strategy will enhance identification and verification processes and develop other measures to combat identity crime. The strategy will be underpinned by an inter-governmental agreement.

COAG also agreed to:

- the development and implementation of a national document verification service to combat the misuse of false and stolen identities; and
- investigate the means by which reliable, consistent and nationally interoperable biometric security measures could be adopted by all jurisdictions.

The National Identity Security Strategy is, inter alia, focussing on enhancing government responses to identity fraud risks through stronger proof of identity requirements. The Victorian Registry of Births, Deaths and Marriages is a key participant in the development of the National Identity Security Strategy. Further, better enrolment processes form a necessary part of participation in the national document verification service and resulting outcomes for national security.

Without additional resourcing, service levels in terms of turnaround have deteriorated under the pressure of the increased verification requirements as the Registry has not reduced the quality and integrity of its processes. The increased funding is designed to ensure the integrity of the system while financing a restoration of service levels to those prevailing previously.

The Registry takes pride in its internal efficiencies that allow fees to be among the lowest prevailing in Australia and elsewhere in the world.

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\(^1\) Department for Victorian Communities 2005 - 06 Victorian Budget Fact Sheet: Protecting the Community's Identity.
3. Proposal description

Key points

- Improved Proof of Identity procedures are now in place which have required increased oversight, the average time per certificate application having increased from 1.5 minutes to 5.5 minutes and change of name applications from 15 minutes to 38 minutes. Other expenditures include the creation of a Fraud Compliance and Investigation Unit within the Registry.

- The proposal is to recoup these costs.

The context of the proposals

The Registry covers its costs both through prescribed services, which form the basis for this RIS, and non-prescribed services (mainly commemorative certificates). There are no charges for the registration of births deaths and marriages as such and the fees are for the issuing of certificates resulting from an application for use to support proof of identity.

The Registry costs for 2005/6 are estimated at $9.8 million. Of this, some $2.1 million is derived from products that do not have a prescribed fee. On the cost allocations used by the Registry the costs associated with these products are estimated at only some $600,000 for the current year. However, the information which lies behind such certificates is no less costly to collect and maintain than other data hence the “profitability” of the non-prescribed services is, from the perspective of full cost recovery, overstated. Accordingly, the “cross subsidisation” of commemorative certificates and the like to other functions of the Registry is also overstated.

For prescribed services, the total fee derived from the current fee structure on a full year basis for 2005/6 is $5.5 million and, on a full year basis, the proposal would raise this to $7.7 million. Fees from non-prescribed services are not expected to be affected.

The measures that have been implemented

Changes were introduced in 1997 in response to greater efficiencies including improved computerisation and better management. These allowed considerable economies in the Registry’s discharge of its responsibilities that were predicated on an average processing time per certificate application of 1.5 mins. This is a long-standing standard, referred to in Budget Paper 3 (e.g. P. 409 in Budget Paper 3 for 2003/04) as the measure at which 90 per cent of counter applications are to be cleared. (Mail applications have a budgeted standard based on a one day turnaround).

As a result of changes to processing standards and increased community expectations the effort taken to process certificate and change of name applications have increased. Prior to early 2003, these applications were simply met on demand and applicants were generally not required to present any supporting documentation with their application. This has since changed and the Registry has introduced stringent proof of identity requirements to ensure certificates are only issued to people who are eligible to obtain them. Further Section 25 Births Deaths and Marriages Registration Act which requires that the change of name application be made in a form approved by the Registrar and that it is as a result of changes to the approved form that changes have occurred in regard to Registry operations.
In the case of certificate applications, applicants must provide three forms of identification. These must be certified copies in the case of mail applications (which account for 70 per cent of the total) and this frequently entails responses calling for clarification or corrected applications. In the case of change of name applications, applicants must provide four forms of proof of identity which again must be certified by the police or authenticated by the Registry staff.

These requirements reflect the National Proof of Identity Framework noted by the Standing Committee of Attorneys-General in 2004, which has been adopted by all Australian State and Territory Registries. Other, State and Commonwealth agencies are also progressively adopting it. The National Proof of Identity Framework is noted below.

<table>
<thead>
<tr>
<th>Objective Category</th>
<th>Documents satisfying the objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evidence of commencement of identity in Australia</td>
<td>Birth certificates</td>
</tr>
<tr>
<td></td>
<td>Record of immigration status:</td>
</tr>
<tr>
<td></td>
<td>Citizenship certificate</td>
</tr>
<tr>
<td></td>
<td>Australian visa (in travel document)</td>
</tr>
<tr>
<td></td>
<td>Certificate of Evidence of Residence Status</td>
</tr>
<tr>
<td>Linkage between identity and person (photo/signature)</td>
<td>Australian driver licence</td>
</tr>
<tr>
<td></td>
<td>Australian Passport</td>
</tr>
<tr>
<td></td>
<td>Firearms licence</td>
</tr>
<tr>
<td></td>
<td>Foreign passport</td>
</tr>
<tr>
<td>Evidence of identity in the community</td>
<td>Medicare card</td>
</tr>
<tr>
<td></td>
<td>Change of name certificate (including BDM issued marriage certificate)</td>
</tr>
<tr>
<td></td>
<td>Credit or account card</td>
</tr>
<tr>
<td></td>
<td>DVA card</td>
</tr>
<tr>
<td></td>
<td>Proof-of age card</td>
</tr>
<tr>
<td></td>
<td>Security card</td>
</tr>
<tr>
<td></td>
<td>Student ID card</td>
</tr>
<tr>
<td>Evidence of residential address</td>
<td>Utilities account</td>
</tr>
<tr>
<td></td>
<td>Rent details</td>
</tr>
<tr>
<td></td>
<td>Other (e.g. bank statement)</td>
</tr>
</tbody>
</table>

In processing an application, the Registry staff must be satisfied that the documentation provided is a true and legal copy of a valid identification document. If a customer makes the application in person at the Registry’s Collins Street office this involves a visual scan of the document. If the application is mailed to the Registry, the customer is required to have the copies of their proof of identity documents certified by a police officer. As with applications made in person, staff visually check the documents and confirm the required certification has been provided.

It is important to note that a large number of applications are complex and require follow up action, or where refusal of the application is necessary, a more detailed explanation to the customer. This is particularly so where the customer has not complied with the proof of identity requirements and further follow-up action is required by the customer and the Registry to process the application.

For certificate applications, 18% do not initially comply with the Registry's requirements and for change of name applications this figure reaches more than 32% of all applications received. Non-compliant certificate and change of name applications require more Registry staff effort. For instance, a compliant change of name application takes on average 36 minutes to process whilst a non-compliant one takes on average 51 minutes. A compliant certificate application takes on average 5.5 minutes to process, whilst a non-compliant application takes on average 9 minutes to process.
Effect on Processing Times and Turnaround Times

The policy changes have had impacts across two key elements of the Registry's service delivery, namely:

1. Turnaround times - the time interval between an application being received by the Registry to a certificate being issued to the customer. Different turnaround times are applicable for mailed applications versus applications made in person at the Registry’s counter and for certificate applications versus change of name applications. For example, mailed certificate applications standards are 5 working days whilst change of name is 20 working days. Turnaround times do not include postal times either for sending an application to the Registry or delivery of certificates by the Registry.

2. Processing times - the amount of time taken to process an application from beginning to end. This includes reviewing the application's compliance against BDM policy, entering the application into the system and issuing the certificate. Processing time for certificate applications is on average the same for both counter and mail applications.

The introduction of verification procedures are estimated to increase average processing time from the previous 1.5 mins to 5.5 mins for compliant applications (with an increase from 15 mins to 36 mins for change of name applications for compliant applications). Previously there was no requirement for an applicant to present proof of identity and consequently application processing was comprised mainly of the tasks of processing payment and printing a certificate. Four minutes now accounts for tasks associated with proof of identity authentication.

<table>
<thead>
<tr>
<th>Item</th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application to register change of name (adult or child)</td>
<td>8,866</td>
<td>9,029</td>
<td>8,900</td>
<td>9,474</td>
<td>10,100</td>
</tr>
<tr>
<td>Application to alter Register^16</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>33</td>
</tr>
<tr>
<td>Application for document acknowledging identity^17</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3</td>
</tr>
<tr>
<td>Application to add registrable information to an entry</td>
<td>393</td>
<td>362</td>
<td>364</td>
<td>337</td>
<td>260</td>
</tr>
<tr>
<td>Certificates</td>
<td>231,789</td>
<td>227,877</td>
<td>213,179</td>
<td>239,481</td>
<td>280,800</td>
</tr>
</tbody>
</table>

Combined with the increase in demand and the static resource base, turnaround times have also increased from one to five working days for certificate applications. The below table shows the output against target for certificate application turnaround times, measured against the stated budget target of 1 day.

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^16 Introduced in 2005

^17 Introduced in 2005
The actual results have been driven not only by the changes to processing times, but also by the volume of applications received per annum.

In addition to the number of applications processed for certificate and changes of name, there are also a large number of additional applications which are lodged by customers but are not completed because the Registry is awaiting further information from the customer including:

- non-payment of the fee,
- further proof of identity information
- written authority to release information or
- other supporting information.

This represents additional staff effort that are not represented in the above figures. On average an additional 10% or 1,010 of change of name applications are made which do not result in a registration. That is, the customer applies to have their name changed but for various reasons as stated above this does not occur. For certificate applications this represents an additional 1% or 2,808 which are not completed for the above reasons.

The Department for Victorian Communities commissioned a consultancy report from the NOUS Group to undertake time-and-motion reviews of the agency's key activities. The following summarises the time taken for mail and counter applications respectively.
The required staff effort associated with processing applications is on the whole determined by the following key factors:

- Number of applications received each day (demand rate)
- Number of applications processed by one FTE each day (productivity rate)
- Amount and time required to undertake ancillary tasks associated with core Registry functions (eg. opening mail, answering customer emails and telephone calls, staff training, etc.)

As a result of the increase in processing times and the increase in demand the total required processing time has increased by more than 200%. Without additional resourcing turnaround times have been impacted and customers are on average having to wait an additional four working days to receive a mailed application.

**Service Delivery Costs**

Costs associated with the processing of certificate, change of name and amendments to the Register were $6.4M in 2004/05. This represents 91% of the Registry's total budget (see table below for a breakdown of expenditure for 2004/05).
Table 1: Breakdown of Registry Costs 2004/05

<table>
<thead>
<tr>
<th>Item of Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and other staff costs</td>
<td>3,683.5</td>
</tr>
<tr>
<td>Communications</td>
<td>570.9</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>315.5</td>
</tr>
<tr>
<td>Information Technology</td>
<td>612.5</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>27.5</td>
</tr>
<tr>
<td>Public Awareness</td>
<td>63.8</td>
</tr>
<tr>
<td>Casual Staff, Contract staff Consultants &amp; Professional</td>
<td>341.7</td>
</tr>
<tr>
<td>Travel &amp; Subsistence</td>
<td>10.7</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>18.5</td>
</tr>
<tr>
<td>Property Utilities</td>
<td>85.7</td>
</tr>
<tr>
<td>Depreciation</td>
<td>132.6</td>
</tr>
<tr>
<td>Rent and Property Services</td>
<td>480.8</td>
</tr>
<tr>
<td>Capital Assets Charge</td>
<td>26.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,370.3</strong></td>
</tr>
</tbody>
</table>

The method of allocating Registry costs should be simple, cost effective, equitable and transparent. As far as practicable, a particular customer group should not bear the costs associated with another customer group. However, there may be an overlap of management outcomes, which benefits different customer groups. In this case, the costs would be appropriately apportioned depending on the distribution of benefits derived from improvements.

**Classification of Costs**

Registry costs can be classified as being either direct or indirect with respect to conducting prescribed fee activities. Indirect costs are any costs that are not directly incurred as a result of (or variable with respect to) undertaking certificate application, change of name or Registry amendment services.

Direct costs are costs that are necessarily incurred in undertaking prescribed fee activities. It is important to note the following with respect to direct and indirect classifications:

- The costs related to registrations of births, deaths and marriages are included.
- A number of operating expenses such as rent, utilities and security and cleaning services are considered unavoidable due to the fact that these costs are necessarily incurred in undertaking prescribed fee activities;
- Expenses which are incurred for the purposes of undertaking prescribed fee activities, for example staff salaries and associated staff-related expenses such as telephone and personal office equipment, are classified as indirect and the relevant proportions of these costs incurred with respect to undertaking prescribed fee activities are included.

**Application Costs**

The costs to be recovered by the imposition of the proposed fees set out in the regulations. Table 2 below set out the costs associated with:

- Processing compliant and non-compliant certificate applications
• Processing compliant and non-compliant change of name applications.

In each case, the costing has been undertaken via a process analysis. It is important to note that all of the calculated costs set out below are based on a notional average cost of applications. Actual costs incurred may vary particularly where an application is non-compliant with Registry policy. Variations in actual costs are less likely where the application is compliant.

The roles of staff associated with processing applications can be characterised as follows:

• VPS G2: responsible for undertaking most tasks associated with application processing including reviewing an application's compliance with Registry policy, entering application details into Registry systems and issuing the certificate to the customer.

• VPS G3: responsible for quality checking applications once they have been processed but before issuance of a certificate to a customer.

On costs are overheads associated with salary costs (superannuation, etc.) whilst other overheads include costs for:

• Customer service support (ie. call centre, email and mail management, etc.)
• Records management
• Staff training and skill development
• Certificate stock and delivery charges
• Fraud prevention and control
• Management
• Communications
• Office
• Information Technology
• Consultants, Contractors & Professional Services
• Accommodation & Outgoings
• Depreciation & Amortisation
• Capital Charge

Of the total number of certificate applications received 81% are compliant, 18% are initially non-compliant but are later completed and 1% are non compliant and not completed. Of the total number of change of name applications received 61% are compliant, 29% are initially non-compliant but are later completed and 10% are non-compliant and are not completed.

The Registry receives on average 14,000 inbound calls per month from customers to the advertised 1300 number and more than 700 inbound emails per month to the advertised customer service email address. In addition to this, there are further calls received from customers via direct indial numbers are emails to individual email addresses which are not included in the above numbers.
Table 2: Application Volumes, Staff Effort and Costs by Application Type

<table>
<thead>
<tr>
<th>Group</th>
<th>Type</th>
<th>Estimated annual volume</th>
<th>Estimated % of total applications for that group</th>
<th>Processing time (seconds)</th>
<th>Total Annual Effort (hours)</th>
<th>Required FTE</th>
<th>Direct FTE Cost Per Application</th>
<th>Delivery &amp; Record Management Costs per Application</th>
<th>Registrations &amp; Customer Support per Application</th>
<th>Other Overhead Costs per Application</th>
<th>Total Cost per Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>Compliant</td>
<td>230,256</td>
<td>81%</td>
<td>325</td>
<td>20,787</td>
<td>15.12</td>
<td>$2.11</td>
<td>$2.56</td>
<td>$11.78</td>
<td>$8.62</td>
<td>$25.07</td>
</tr>
<tr>
<td>Certificate</td>
<td>Non-compliant (completed)</td>
<td>50,544</td>
<td>18%</td>
<td>545</td>
<td>7,652</td>
<td>5.56</td>
<td>$3.59</td>
<td>$2.56</td>
<td>$11.78</td>
<td>$8.62</td>
<td>$26.55</td>
</tr>
<tr>
<td>Certificate</td>
<td>Non-compliant (not completed)</td>
<td>2,808</td>
<td>1%</td>
<td>436</td>
<td>340</td>
<td>0.25</td>
<td>$2.87</td>
<td>$1.96</td>
<td>$3.28</td>
<td>$8.62</td>
<td>$16.73</td>
</tr>
<tr>
<td>Change of Name</td>
<td>Compliant</td>
<td>6,868</td>
<td>61%</td>
<td>2275</td>
<td>4,340</td>
<td>3.16</td>
<td>$14.51</td>
<td>$2.56</td>
<td>$7.89</td>
<td>$33.80</td>
<td>$58.76</td>
</tr>
<tr>
<td>Change of Name</td>
<td>Non-Compliant</td>
<td>3,232</td>
<td>29%</td>
<td>3055</td>
<td>2,743</td>
<td>1.99</td>
<td>$19.41</td>
<td>$2.56</td>
<td>$7.89</td>
<td>$33.80</td>
<td>$63.66</td>
</tr>
<tr>
<td>Change of Name</td>
<td>Non-compliant (not completed)</td>
<td>1,010</td>
<td>10%</td>
<td>2444</td>
<td>686</td>
<td>0.50</td>
<td>$15.61</td>
<td>$1.96</td>
<td>$7.89</td>
<td>$33.80</td>
<td>$59.26</td>
</tr>
</tbody>
</table>

NB. It is important to note that the above calculations regarding direct FTE effort and costs are based solely on actual processing time and do not include vital ancillary tasks such as customer contact management, time spent on general customer inquiries, records management, skill development and so on. These costs are included under the other cost categories. Registration and customer support costs are lower for change of name applications as the registration costs are included in the direct FTE costs. Registration costs are also lower for incomplete applications.
Efficiency of Service Delivery

The efficiency of the Registry’s service delivery is evidenced by applications processed per FTE: Victorian Registry staff processed 3433 certificates per FTE whilst the national average was 3025 for 2003/04.

Ongoing efficiency gains will be sought via technology changes, staff training and process improvement. In particular efforts will be focussed on reducing the number of applications which are non compliant, including revising the wording and instructions provided on application forms used by customers and the Registry's web site.

The effect of such changes cannot be quantified at this stage. However, as the Registration of Births, Deaths and Marriages Registrations Regulations 1997 will sunset in 2007, prices will be reviewed at that time. This will offer an opportunity to re-evaluate factors affecting costs and fees at the time.

Organisational Response

The increased workload entails employing and training additional staff resources (approximately 19 FTE) and training and developing existing staff resources to meet the changing requirements. Additional staff will be dedicated to processing applications and meeting service delivery and quality expectations within agreed timeframes.

Other changes include:

- Establishing a Fraud, Compliance and Investigation Unit (approximately 4 FTE)
- Developing and launching a fraud management and investigation policy handbook
- Developing and implementing a staff competency and customer service program
- Developing and implementing enterprise information management systems enhancements
- Developing fraud management systems enhancements and expanding the use of the Registry’s Certificate Validation Service
- Providing new genealogical research kiosk facilities, customer queue management capabilities and refurbished marriage booking facilities at the Registry’s 595 Collins Street office.
- Providing a functional fit-out of facilities on 17th floor, 595 Collins Street, to accommodate staff required to meet ongoing deliverables.

Overall, the cost increases on which this fee change is based comprise the following:
### Cost Change Factor

<table>
<thead>
<tr>
<th>Cost Change Factor</th>
<th>Staff Effect</th>
<th>Monetary Effect</th>
<th>Increase on Base Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased operational Staff</td>
<td>19</td>
<td>$1,461,000</td>
<td>32.5%</td>
</tr>
<tr>
<td>Fraud Unit Staff</td>
<td>4</td>
<td>$260,000</td>
<td></td>
</tr>
<tr>
<td>Refurbishment</td>
<td>N/A</td>
<td>$300,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>Systems Development</td>
<td>N/A</td>
<td>$550,000</td>
<td>10%</td>
</tr>
<tr>
<td>Other Costs</td>
<td>N/A</td>
<td>$288,000</td>
<td></td>
</tr>
<tr>
<td>Access policy changes</td>
<td>N/A</td>
<td>$201,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23</strong></td>
<td><strong>$3,060,000</strong></td>
<td><strong>43%</strong></td>
</tr>
</tbody>
</table>

### The proposed measure and its likely impact

#### Setting the fee increase

The fee increase is to activate the decisions of the Government, foreshadowed in the recent budget, to increase the capabilities of the Registry to meet the needs expected of it. Increased revenue from the proposed fee increase will:

- Increase the Registry’s capacity to support recent legislative changes, including the Death Notification Legislation (Amendment) Act 2004 (dealing with multiple child deaths); Births, Deaths and Marriages Registration (Amendment) Act 2004; and Crimes (Assumed Identities) Act 2004 introduced by the Victorian Government in the Spring 2004 Parliamentary session;
- Increase stakeholder and public confidence in the Registry documents contributing to safer Victorian communities;
- Enhance the Registry’s ability to deliver highly secure identity products and services resulting in increased difficulty to counterfeit or falsify the Registry documents; and
- Meet increased customer demand and increase customer satisfaction by providing more efficient and accessible services.

These objectives can only be met through increased fees or by provision of additional funding from the budget. The latter route, which would require an increase in taxation, is not in line with government policies.

#### The proposed fee increases

It is estimated that the underlying growth in demand will bring in an additional $700,000 but an additional $2,200,000 is required to meet the above budgeted needs.

To enable this, a fee increase is required. It is proposed this apply as follows:
Table 4  Current and Proposed Fees

<table>
<thead>
<tr>
<th>Item</th>
<th>Current Fee</th>
<th>Proposed Fee</th>
<th>Approx. Units P.A. (est. for 05/06)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application to register change of name (adult or child)</td>
<td>$41.00</td>
<td>$58.80</td>
<td>10,100</td>
</tr>
<tr>
<td>Application to alter Register</td>
<td>$41.00</td>
<td>$58.80</td>
<td>5</td>
</tr>
<tr>
<td>Application for document acknowledging identity</td>
<td>$58.50</td>
<td>$83.90</td>
<td>2</td>
</tr>
<tr>
<td>Application to add registrable information to an entry</td>
<td>$41.00</td>
<td>$58.80</td>
<td>300</td>
</tr>
<tr>
<td>Certificate fee (comprised of):</td>
<td>$17.50</td>
<td>$25.80</td>
<td>280,800</td>
</tr>
<tr>
<td>Application for search of the Register + Application for</td>
<td>($8.75 +</td>
<td>($8.75)</td>
<td></td>
</tr>
<tr>
<td>issue of a certificate certifying the results of a search of the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Register.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In line with practices generally prevailing around the world, the Registry does not charge a fee simply for registering births, deaths and marriages. The fee is charged for the certificates of such registration (as well as for changes in names and so on) and not the registration itself. Approximately 92 per cent of revenues are from the purchase of Official Certificates and 8 per cent from Change of Name Applications. These proportions are not expected to change greatly.

Even after the proposed fee increases, Victoria's fees will generally remain below those of other jurisdictions, all the more so since Victoria (unlike other jurisdictions except for the ACT) does not charge a priority application fee for those needing urgent information e.g. for passports. Table 5 illustrates this. Although the discretion for setting fees resides with each relevant jurisdiction and its own regulation fee setting polices, one basis for the difference in fees is the level of computerisation of Victorian Registry records. Many other jurisdictions have restricted levels of computerisation requiring a degree of manual work associated with recovering and copying original register records to issue certificates.
### Table 5  General comparison of Australian Registry Fees

<table>
<thead>
<tr>
<th>Registry</th>
<th>Certificate Fee</th>
<th>Price Difference from Vic</th>
<th>Priority App Fee</th>
<th>Change of Name Fee</th>
<th>Price Difference from Vic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria</td>
<td>$25.80</td>
<td>-</td>
<td>None</td>
<td>$58.80</td>
<td>-</td>
</tr>
<tr>
<td>NSW</td>
<td>$36.00</td>
<td>+40%</td>
<td>$16</td>
<td>$90</td>
<td>+53%</td>
</tr>
<tr>
<td>QLD</td>
<td>$24.50</td>
<td>-5%</td>
<td>$18.50</td>
<td>$86</td>
<td>+47%</td>
</tr>
<tr>
<td>SA</td>
<td>$34.00</td>
<td>+32%</td>
<td>$26</td>
<td>$160</td>
<td>+172%</td>
</tr>
<tr>
<td>TAS</td>
<td>$32.76</td>
<td>+27%</td>
<td>$23.40</td>
<td>$128.70</td>
<td>+119%</td>
</tr>
<tr>
<td>ACT</td>
<td>$37.00</td>
<td>+43%</td>
<td>None</td>
<td>$110</td>
<td>+113%</td>
</tr>
<tr>
<td>NT</td>
<td>$25.00</td>
<td>-3%</td>
<td>$30</td>
<td>$30</td>
<td>-49%</td>
</tr>
<tr>
<td>WA</td>
<td>$40.00</td>
<td>+55%</td>
<td>$30</td>
<td>$140</td>
<td>+138%</td>
</tr>
</tbody>
</table>

Victoria is also low cost compared to most other registries around the world on which information is readily available as the following indicates. Table 6 shows that few identified fees were lower than the Victorian fees (and none by a significant margin). This data is as of January 2005 and some jurisdictions may have increased their fees since then.

### Table 6  Some International Comparisons of Fees

<table>
<thead>
<tr>
<th>Registry</th>
<th>Turnaround Time (mail applications)</th>
<th>Certificate Fee</th>
<th>Priority App. Fee</th>
<th>Change of Name Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria</td>
<td>3-5 working days</td>
<td>$25.80</td>
<td>None</td>
<td>$58.80</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1-8 working days</td>
<td>$24.50</td>
<td>Not stated</td>
<td>$118.00</td>
</tr>
<tr>
<td>Canada - Ontario</td>
<td>6-8 weeks</td>
<td>$38.80</td>
<td>$16.65</td>
<td>Not stated</td>
</tr>
<tr>
<td>Canada - Alberta</td>
<td>5 working days</td>
<td>$20.00</td>
<td>$22.20</td>
<td>$120</td>
</tr>
<tr>
<td>Canada - Quebec</td>
<td>10-20 working days</td>
<td>$16.65</td>
<td>Not stated</td>
<td>$138</td>
</tr>
<tr>
<td>USA - New York State</td>
<td>4 weeks</td>
<td>$64.70</td>
<td>$21.50</td>
<td>$301</td>
</tr>
<tr>
<td>USA - Washington State</td>
<td>3 weeks</td>
<td>$34.50</td>
<td>Not stated</td>
<td>$84.70</td>
</tr>
<tr>
<td>Britain</td>
<td>5-15 working days</td>
<td>$29.35</td>
<td>$70.20</td>
<td>$99.50</td>
</tr>
</tbody>
</table>

Naturally there will be increased costs. Of those paying the costs, the security services have expressed no disquiet and, indeed, are anxious to see the proof of identity system made more secure in the ways planned. The members of the public will generally accept the need for increased verification of their identity, just as they have willingly accepted additional verifications and the costs these entail of airport security, office security and a host of other measures that are, unfortunately, more urgent today. In general, people see that the benefits of such measures far outweigh the costs of introducing them.
The essentiality of the information and its registration means that price increases are unlikely to choke off any appreciable demand. Most people have cause to contact the Registry only on a handful of occasions during their lives. Others who are frequent users of the service are the police and other law enforcement agencies which make use of the system on a controlled basis and pay the same prices as other users.

Genealogists are another group of regular users. It is estimated that approximately 15 per cent of the demand for certificates comes from this group.

There may be some opposition to any increase in fees, especially since demand for historical records from Victoria, as the first state with major settlements, is much greater than its current share of the Australian population. However, most genealogists are also aware that charges in Victoria are considerably less than those in other jurisdictions and will remain so after the fee increases proposed are put into effect. Importantly, representatives of Genealogy Groups have indicated their support for the proposed changes.

Most of the information sought by this group of users comprises “heritage” records that are generally available to all seekers. Heightened concerns about identity fraud have led to a general increase in the period after which records are made generally available in Victoria and other jurisdictions. Heritage records comprise:

- People over 75 years old who are no longer living (to be changed to 100 years);
- Marriages that took place more than 60 years ago; and
- Deaths that occurred more than 10 years ago (to be changed to 30 years).

Reflecting the costs involved in retrieval and issuance of this class of records it is proposed that images of heritage records purchased via the Registry online service, or uncertified copies of heritage records purchased via counter or mail where a registration number is quoted will remain at the current fee of $17.50. Certificates of heritage records will be charged the fee of $25.80.

Some further discussion of and means for addressing genealogists’ concerns are covered in the Options section.
4 Costs and benefits of the proposal

Key points

- Requirements on the Registry have increased as a result of public demand for greater verification of identity. The costs incurred by the Registry to meet these are modest.
- Benefits are in meeting the costs efficiently without recourse to the Government using its general taxation powers.

Cost changes since fees were previously set

The costs in 1997 were determined to have been reduced as a result of the progressive increase in computerisation, efficiencies in processing, and the clearing of a backlog of data capture.

Since then four types of change have taken place:

1. “Organic” growth in demand for the Registry’s services as a result of increased population growth and requirements for documentation.
2. Underlying inflation. Since the 1997 reform and the passage of the principle Act, fees have only been increased by 3 per cent (in 2002) and that was to account for certain specific cost increases that were imposed. Inflation over the period since 1997, as measured by the CPI, was 23.5 per cent.
3. The enhanced proof of identity requirements due to the increased scrutiny of identification claims made as a result of the nation wide decision measures addressed in the previous section.
4. Recent additions to the workload of the Registry from new Acts of Parliament on such matters as Death Notification, and Sex Offenders Registration.

During the period since 1997, the lack of fee indexation has resulted in some deterioration in turnaround times and customer service levels. The very gradual increase in demand until the past two years masked a need for improved public interface facilities – increased demand could be accommodated from existing overheads. The 32 per cent increase in customer demand for registry services since late 2003 has required additional capital spending on facilities.

The period since 1997 also saw increased revenues from discretionary services which are not subject to statutory price control. Chief among these are “commemorative certificates” the revenues of which have been used to subsidise the other core activities of the Registry. It is considered that these products cannot be increased in price without a leakage of revenues and inflation has progressively eroded and reduced the profit from these sales available to cross-subsidise the revenues from statutory fees. Hence, cost-recovery requires a 43-47 per cent fee increase for certificates and change of name other than heritage certificates.

Government has agreed to an additional funding to take into consideration the higher costs that have emerged in line with the changes required of the agency; these are to be indexed to offset underlying inflation costs.
Total required revenue base in 2005/6 is estimated at $7.7 million. Of this $5.5 million is funded on the basis of existing revenues including $0.7 million from increased demand.

The Registry has continued to make economies and implemented efficiencies in its general operations since 1997 and these have offset the faster increase in salaries and on-costs (accounting for 60 per cent of the agency’s aggregate costs) that have been experienced in the Victorian Public Service generally. Even so, the increase in general inflation that has been absorbed by the Registry in cost savings has been at the expense of a progressive increase in turnaround times and in waiting times.

The Government has agreed to the proposed increase in statutory fees to restore the Registry’s cost recovery.

**How the measure will function and its impact on different groups**

Each individual member of the community will benefit, in ways that may never be measurable, from better scrutiny of the credentials of those with whom they interact and from increased confidence in that interaction.

In general terms the benefits will fall into four key areas:

1. Improved turnaround times for people who need to access the Registry services with no degradation in the quality and integrity of processes, meaning that people do not experience frustrating delays when interacting with the Registry which has knock-on effects in their ability to undertake normal social and financial transactions.

2. Contribution to reducing fraud within the community - for instance some people attempt to use false or illegally obtained identity documents to claim social security benefits, apply for finance or obtain a Passport. A report released in 2003 estimated the costs of identity fraud to be $1.1bn per annum.\(^{18}\)

3. Reducing the opportunity for identity theft which has significant and long-term ramifications for the victims of identity theft. Identity theft is seen to be the fastest growing crime in the world today.\(^{19}\) The victims of identity theft experience significant personal loss, violation of their privacy and difficulties in re-establishing the credibility of their identity.

4. Enhancing the community’s security - by reducing or eliminating the opportunities for people to falsely obtain and use the Registry issued documents. Improved registration, documentation and authentication processes will contribute to a safer community.

**Principles on which a Fee Level is to be Set**

The Victorian Government has established cost recovery guidelines drawing on well-established principles of good governance.\(^{20}\) The cost recovery guidelines provide assistance in the issues of whether to set a fee and the design and implementation of such a fee.

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\(^{18}\) Sirca report

\(^{19}\) Tom Craig - National Criminal Intelligence Service, London

These guidelines, which the following draws from and responds to, require as a prerequisite that it must be possible to identify the principal beneficiaries and charging is technically feasible. They specify that user-pays charges should recover full cost recovery and provide links to other guidelines that indicate how to determine the full costs. Based on the VCEC and other government guidelines fees should be set according to the following criteria.

- The principal beneficiaries can be identified and charging is technically feasible.
- Cost recovery should be implemented for economic efficiency reasons, not merely to raise revenue. Cost recovery should not be implemented where:
  (i) it is not cost effective;
  (ii) it would be inconsistent with policy objectives; or
  (iii) it would unduly stifle competition and industry innovation.
- Cost recovery should be activity rather than agency based.
- Cost recovery should normally be based on full costs except where a product or service is provided predominantly for a core user and where additional capacity is available at little or no extra cost.

The proposal is consistent with these criteria.

- Beneficiaries of regulation and the costs they entail are hardly ever solely confined to the direct users. However, the principal beneficiaries of the BDM certificates and change of name arrangements are the direct users.
- Charging is technically feasible because the activity is already controlled through the Registry’s monopoly on officially supplied documentation.
- The fee system is cost-effective in providing the revenues necessary to fulfil the tasks assigned. The cost recovery is for economic efficiency reasons and not to raise revenues. The revenue raised is fully acquitted by the costs the the Registry incurs.

In designing and implementing the fees the following principles should be followed:
• Cost recovery arrangements should have clear legal authority and cost estimates should be based, where possible, on efficient costs, not actual costs.
• Partial cost recovery is generally inappropriate — the prices of regulated products should incorporate all of the costs of providing the products/service, including operational/administrative costs of regulation.
• Possible exceptions include:
  o phasing in or adjustment periods; or
  o to meet community service obligations or other government policy objectives.
• Choose an approach to charging that is consistent with the objectives of the activity.
• Taxpayers should fund information products (such as educational and training services, publications etc.) and the collection, collation and dissemination of this when:
  o it has ‘public good’ characteristics\textsuperscript{21}; and/or
  o generates significant spill over benefits to the broader community.
• Other information products should be classified into three broad categories and priced accordingly:
  o dissemination of existing products at marginal cost;
  o incremental products (which may involve additional data collection, compilation, or wider/enhanced dissemination) at incremental (avoidable) cost; and
  o commercial (contestable) products according to competitive neutrality principles.
• Avoid cross subsidies.
• Ensure transparency and accountability, industry consultation and periodic review.
• Levies generally considered only if fees-for-service not efficient and cost-effective.

The regulatory charge meets these criteria.

• Cost recovery is generally accepted as the principle under which public management is maintained. The efficiency of the costs is regularly audited by central agencies of government. Moreover, regulatory charges are heavily scrutinised by some of those paying the costs, many of whom have operations throughout Australia and are able to compare and contrast different jurisdictions.
• The recommended charging approach facilitates the achievement of the recent change in the degree of scrutiny required of those administering the regulations.
• The recommended fee is designed to remedy the cross subsidies that would otherwise apply to the advantage of those requiring documentation or electing to change their names and is accountable and transparent.

\textsuperscript{21} Public goods exist where it is costless to allow additional consumers to enjoy the benefits of a good or service and where it is not possible anyway to exclude them from doing so.
Utilising and monitoring the increased resource allocation

Overall strategy

The initiative has been developed against the framework of the Registry’s 2005/06 Business Plan which defines the overall directions and priorities for the Registry. Key strategic themes from this business plan are:

1. Meet customer demand - increased customer demand for the Registry services are met in a professional, timely and efficient manner with no compromise on quality.
2. Improve fraud and compliance capability - develop internal capacity to better identify and respond to current and emerging challenges associated with identity misuse.
3. Extend process improvement & efficiency - where possible automate processes through systems development and increased staff capability to manage workloads more efficiently.

Particular approaches to better serving the community

As previously mentioned, the Registry proof of identity policy changes have resulted in the average processing time per certificate application increasing from 1.5 mins to 5.5 mins and 15 mins to 36 mins for change of name applications.

In processing an application, the Registry staff must be satisfied that the documentation provided is a true and legal copy of a valid identification document. If the customer makes the application in person at the Registry’s Collins St office this involves visual authentication of the document. If the application is mailed to the Registry, the customer is required to have the copies of their proof of identity documents certified by a police officer. As with applications made in person, staff visually check the documents and confirm the required certification has been provided.

Any document that looks suspicious is checked, either by discussing it with the manager or checking with the issuing authority. Further, staff check that the details provided in the application conform to the details on the proof of identity documentation.

In addition to checking the identity documents presented, staff also record certain details about the documents. This may include the type of document presented, name on the document, document numbers (such as driver licence number), expiry date and other relevant information. This information is recorded to assist with fraud management and investigations if required.

There is a very strong correlation between the number of days its takes to process an application received by mail and the number of customers who either call the Registry or come to the Registry to make an application in person. That is, the greater the average turnaround time, the greater the number of customer telephone calls, emails and in person visits to the Registry’s office.

In other words there is a strong flow on effect relating to average turnaround times and the workloads in other Registry operational areas. Feedback from customers indicates that this occurs as customers become aware of increased turnaround times and seek alternative methods of obtaining the information they require.
## 5 Impact on small business

<table>
<thead>
<tr>
<th>Key points</th>
</tr>
</thead>
<tbody>
<tr>
<td>- There is no impact on small business.</td>
</tr>
</tbody>
</table>
6. Assessment of competition impacts

Key points

- There are negligible competition impacts

All people need access to the information that the Registry furnishes.

As regards Victorians’ costs, these are and will generally remain lower than those of other Australian States and Territories.
7. Assessment against alternative options

Key points

Options include:

- The Registry not increasing its fees and operating at a deficit.
- Variations in the pricing proposals.

It would be contrary to Government policy and to sound user-pays principles for the Registry to operate without recovering its costs. There are options for setting fees and some are considered in this section.

The increased costs required of the Registry are clear. Retaining the existing fee levels is not practical, as it would not provide the Registry with the confidence to assure the Minister and the Parliament that it was adequately carrying out the State's laws in the manner expected of it. If the Registry were to rely on uncovered allocations from general revenue, it would be inconsistent with Government policy and would be unfair to taxpayers/other fee payers who would be subsidising the activity.

Parliament, through the budget process, has agreed the increased resourcing for the Registry, the alternative options are:

1. charging a single cost recovering flat fee
2. covering the costs on a strict charge for service approach,
3. covering the costs by charging in a different manner.

The first option, charging a single fee, offers a benefit of certainty and simplicity. The fee would need to be set so that it covered the costs of the 5 key prescribed services which the Registry provides. Other service areas both within government and outside of government set a fixed tariff or charge, even where the costs may vary considerably. An example of the former is the Magistrates Court. Outside of government an example is tax accountants, who offer services at a fixed price even though the costs may, in the event, vary.

In those cases where the supplier is in a better position to gauge costs, it is normally more efficient to set a fixed price even though this may not reflect all costs incurred on individual cases. Suppliers do this because they themselves are in a better position to determine prices in advance. Such a policy does not deter the service’s use as would be the case where the applicant can only speculate on the actual price to be paid.

The drawback of this approach is that it would necessarily bring about a considerable cross-subsidisation between the different services. The overwhelming majority of applications are for certificates and the costs of these are one half to one third of the less frequently demanded services.
The second option: charging on the basis of costs actually incurred presents some benefits at first sight. This alternative would entail charging different fees dependent on how much Registry effort is required to process an application. Differential pricing could be applied for compliant and non-compliant applications. It would enable fees charged to be fully cost reflective and entails no cross subsidy between different applicants.

Such a procedure is used in some other situations where government bodies offer services to private users. For example Austrade charges fees to exporters based on the costs actually incurred for the services it provides in researching markets and facilitating contacts. Normally these fees would be estimated in advance, but even if they are not, users of that service have a significant difference from users of the services to be offered under this regulatory change. Austrade’s clients are commercial entities seeking to obtain considerable benefits for themselves. Although some such benefits may also accrue to the applicants to the Registry services, proof of identity is normally a requirement.

However, the Registry's services can be differentiated on two key points:

1. Austrade’s clients (and the like) are commercial entities seeking to obtain considerable benefits for themselves. Although some such benefits may also accrue to the applicants to the Registry services, proof of identity is normally a requirement.

2. Although Registry's customers can influence the amount of effort required to process an application, they are not generally aware of this at the time the service is requested (ie. at the time that application is lodged).

The main deficiency of the approach is that it creates uncertainty for the customer (who makes use of the service very infrequently) and provides poor disciplines on the provider to keep costs as low as is efficiently possible. Customer uncertainty over fees would then entail further effort to obtain sufficient payment from customers to cover the costs with consequences that processing and turnaround times would actually be increased.

Moreover, such a pricing model means:

- Significant resources would be needed to monitor activity across services to ensure differential pricing is applied appropriately and accurately. This would draw valuable resources away from core business functions which deliver real value to consumers.

- For those customers whose applications were not compliant many would believe they were being unfairly financially penalised for not being aware of Registry policy and being charged at the higher rate. This would most likely be seen as an unreasonable pricing approach for such a service.

- Some non-compliant applications require extensive staff effort (three of four additional contacts plus additional processing time) whilst others may only require one further contact and limited additional processing time. To ensure consumers are fairly charged for the actual costs incurred this would mean additional effort to calculate and communicate charges to be paid. The benefits derived from such an approach would be diminished by the costs involved in managing it.

The third (proposed) option entails dividing the information into different categories. This represents some reversal of previous measures which have sought to simplify the different product price structures. One means of modifying charging levels is to have a dichotomous system that charges different rates for certificates on people who are subject to proof of identity requirements and those classed as “heritage”. The “heritage” class of records is of special interest to genealogists, who might claim that the increased prices proposed are to defray costs of intensified vetting of information on people who are currently active. Accordingly, they would argue that a price increase is not justified on
“heritage” records since these are unlikely to be required for interrogated information purposes that relate to security, fraud prevention and other similar purposes.

There is merit in such arguments, but it should also be noted that the assembly and classification of the older records has involved more effort on the part of the Registry than has been the case for contemporary records. This is because they have often been collected in a dispersed manner and have required transcribing from paper documentation. Had that activity to have been undertaken by an agency facing competitive pressures, the increased costs would have been reflected in higher prices for these sorts of records.

Perhaps for these reasons as well as the perceived benefits of a simple charging system, no other jurisdiction that we know of has chosen to segment its database pricing in response to the different effort involved between older and newer records.

However in recognition of the “sunk” costs that have been incurred it is proposed to provide “heritage” records at a reduced cost. Where applications are made on-line or with a quoted registration number which is in regard to a “heritage” record, the current fee, $17.50 is to be maintained.

The regulations and hence prices will be reviewed once more when they sunset in 2007. This will offer an opportunity to evaluate the merits and cost-reflectiveness of the proposed charges.

Summary of the criteria weightings and values assigned to the options

In the following balanced scorecard we combine our estimates of the importance of the criteria against which the appropriate decision should be taken and an assignment of the importance of these which quantifies the above discussion.

We identify three criteria for assessing the options: the administrative costs for the Registry in setting and monitoring charges, the cost certainty for users in making applications, and the cost reflectiveness of each of the options. A weighting, which adds up to a total of 100 per cent, is assigned to each of the criterion. The weighting is based on government policy in terms of efficiently obtaining, processing, storing and providing access to the agency’s information and doing so in ways that meet government requirements to achieve cost recovery for its programs and to avoid cross subsidies.

Based on the assessment of the identified options, which was discussed above, a score (+1 to -1) is given to each of them in all three criteria, with the existing fees set as the base case. The weighted scores for each identified option are summed to provide an estimate of the highest ranking option. In the analysis tabled below, setting the proposed schedule of fees ranks highest and is the preferred approach.

Weighted Scorecard for the Identified Options and Base Case

<table>
<thead>
<tr>
<th>Weighting</th>
<th>Option 1 - Charging single cost recovering flat fee</th>
<th>Option 2 - Charging variable cost recovering fee</th>
<th>Option 3 - Setting proposed schedule of fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned score</td>
<td>Weighted score</td>
<td>Assigned score</td>
<td>Weighted score</td>
</tr>
<tr>
<td>The Registry Administration costs</td>
<td>10%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cost certainty for users</td>
<td>20%</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>Cost reflectiveness</td>
<td>70%</td>
<td>0.5</td>
<td>0.35</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0.55</td>
<td>0.33</td>
<td>0.64</td>
</tr>
</tbody>
</table>
8. Evaluation strategy

The planned outcomes from the proposed initiative predominately relate to improved customer service, increased security, improved quality and increased cost effectiveness. These are described in turn below.

1. Improved customer service:
   - People applying in person at the Registry’s counter will receive service faster and be serviced in a more comfortable environment.
   - Compliant mail applications will be completed within 5 working days.
   - Call abandonment rates at less than 4% (this represents the number of callers who hang up before a call can be answered).
   - Customers will have access to a wider range of services to meet their genealogical needs.
   - Customer satisfaction surveys will report a satisfaction rate of greater than 90%.

2. Improved quality:
   - All change of name applications assessed as medium-high risk (based on defined criteria) will be security checked and approved by a manager.
   - A sample of all certificate applications, change of name applications and registrations will be randomly checked each week to monitor compliance to the Registry policies.
   - The majority of documents presented in support of an application will be verified with the issuing agency (subject to policy considerations and operational feasibility).
   - 90% or more of all addresses provided in relation to an application will be verified and authenticated automatically.

3. Increased cost effectiveness:
   - Documentation provided in support of an application or through general correspondence will be electronically scanned and stored for easy retrieval by the Registry staff.
   - Improved workflow management will result in a greater efficiency of managing applications and customer contacts.
   - Greater integrity of the Registry issued documents will contribute to a reduction in the costs associated with identity fraud.

The changing environment makes it imperative that the Registry be equipped to respond with an increased focus on quality and the integrity of its systems.

It is never possible to measure the effectiveness of greater scrutiny of people in their identity claims except to the degree that institutional failures become manifest. There is no data available on the “counterfactual” in which the existing fee levels continue. It is, however, clear that a number of outcomes are possible if the existing fees remain, unless additional funding is made available without matching revenue increases:

- Corners will not be cut in processing the information but, at the very least, workload will continue to increase and the public will experience increased delays and staff morale will deteriorate.
- A reduced confidence in the integrity of the Registry documents will result in increased use of alternative means of establishing people’s credentials, measures that are almost certain to entail higher costs.
- There is the risk of far more serious outcomes ranging from deterioration in means of ensuring vigilance in national security, through increases in theft and in inappropriate people being employed in sensitive work areas.

Institutions in other states and worldwide face a similar set of issues and the Registry in Victoria has sought to learn from these other institutions in devising its own control mechanisms.

There is a set of measurement indices in place to ensure the activity is performing in accordance with management plans. These cover such issues as response time and queue lengths. It is intended that the monitoring regime will encompass the following key measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target</th>
<th>Monitoring Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnaround times</td>
<td>Agreed budget measures</td>
<td>Weekly (reported weekly and quarterly)</td>
</tr>
<tr>
<td>Processing times</td>
<td>As per current</td>
<td>Weekly (reported monthly)</td>
</tr>
<tr>
<td>Application compliance rate</td>
<td>Improve by 5-10%</td>
<td>Weekly (reported weekly)</td>
</tr>
<tr>
<td>Application quality rate</td>
<td>100% of all applications</td>
<td>Weekly (reported weekly)</td>
</tr>
<tr>
<td>Call response times</td>
<td>Abandonment &lt;5%</td>
<td>Weekly (reported weekly)</td>
</tr>
</tbody>
</table>

These outcomes have been agreed with Government.
9. Consultation

Because use of the Registry by the general public is infrequent and represents a relatively low cost, it is not possible to identify people who might be able to represent their views about the issues regarding the need for increased fees to offset the additional costs arising.

Two groups of users who have been consulted are the police and representatives of genealogists.

The police are fully aware of the considerations leading to greater attention being given to proof of identity and other measures that have involved costs. They do not oppose the proposals and the associated increase in fees (the police incur the same fee as other users).

Two bodies representing genealogists, who comprise 15 per cent of users, were consulted. In both cases their spokespeople did not oppose the measures proposed. As intensive users of BDM material in Australia, they were fully aware of the low charges imposed in Victoria and fully support measures to ensure the better integrity of the system. Both the groups’ spokespersons were pleased to note the fact that prices for “heritage” records were not to be increased if purchased on-line or where a registration number is quoted with the application since these do not require the additional costs of the other records. They acknowledged that for inquiries that are not conducted on-line or cannot provide the Registry registration number identifying the individual being researched the normal, higher cost is appropriate.

The consultation period is to be 28 days. There are no organised interest groups other than those (the police and the genealogists) who have already been consulted. Accordingly, it is not considered that offering a longer period would provide more time for interested parties to digest the proposals and offer informed comment on them.
10. Summary of key findings

The Births, Deaths and Marriages Registration (Fees) Regulations 2005 are to be amended to increase the charges for certain of the services in the light of increased costs associated with more stringent requirements for verifying people's proof of identity. These regulations are due to sunset in 2007 when a further review will be conducted.

The current and proposed fees are as follows:

### Current and Proposed Fees

<table>
<thead>
<tr>
<th>Item</th>
<th>Current Fee</th>
<th>Proposed Fee</th>
<th>Approx. Units P.A. (est. for 05/06)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application to register change of name (adult or child)</td>
<td>$41.00</td>
<td>$58.80</td>
<td>10,100</td>
</tr>
<tr>
<td>Application to alter Register</td>
<td>$41.00</td>
<td>$58.80</td>
<td>5</td>
</tr>
<tr>
<td>Application for document acknowledging identity</td>
<td>$58.50</td>
<td>$83.90</td>
<td>2</td>
</tr>
<tr>
<td>Application to add registrable information to an entry</td>
<td>$41.00</td>
<td>$58.80</td>
<td>300</td>
</tr>
<tr>
<td>Certificate fee (comprised of):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application for search of the Register + Application for issue of a certificate certifying the results of a search of the Register.</td>
<td>$17.50</td>
<td>($8.75 + $8.75)</td>
<td>280,800</td>
</tr>
<tr>
<td></td>
<td>$25.80</td>
<td></td>
<td>280,800</td>
</tr>
</tbody>
</table>

The fees in Victoria will remain considerably below those of most other Australian jurisdictions.

Fee increases are necessary to cover the additional costs that are derived from the requirements by governments and the community in general for more accurate proof of identity documentation. In recognition of the fact that such improved accuracy is not needed for people who are deceased or well beyond working age, fees for provision of information on these so called “heritage” records are not to be increased providing the applicant is made on line or with a quoted registration number.

The alternatives to the proposed increase included:

- Charging on the basis of costs actually incurred. This would leave applicants in doubt as to the costs they would be charged and place inadequate discipline on the Registry to undertake its work efficiently.

- Charging a single fee for all services. This would needlessly bring about a cost distortion whereby those whose information is easiest to store and retrieve would subsidise others.
11. Copy of proposed regulations