



Regulatory Impact Statement

Births, Deaths
and Marriages
Registration (Fees)
Regulations 2019



Glossary

The Act	Births, Deaths and Marriages Registration Act 1996
The current Regulations	Births, Deaths and Marriages Registration Regulations 2008
The proposed Regulations	Births, Deaths and Marriages Registration (Fees) Regulations 2019
ABS	Australian Bureau of Statistics
BDM	The Registry of Births, Deaths and Marriages Victoria
RIS	Regulatory impact statement
WHO	World Health Organization

Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.

June 2019



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Also published on engage.vic.gov.au.

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Table of contents

SUMMARY	IV
1 BACKGROUND	1
1.1 RECORDING SIGNIFICANT LIFE EVENTS	1
1.2 REGISTRY OF BIRTHS, DEATHS AND MARRIAGES VICTORIA (BDM).....	3
1.3 LEGISLATIVE FRAMEWORK AND THE NEED FOR REGULATIONS.....	3
1.4 FEES UNDER THE RELATIONSHIPS ACT	7
2 THE APPROPRIATE LEVEL OF COST RECOVERY	8
2.1 THE PRINCIPLE OF COST RECOVERY	8
2.2 APPLYING THE COST RECOVERY PRINCIPLES TO THE PROPOSED FEES.....	9
2.3 ABILITY TO CHARGE FEES FOR ACTIVITIES	10
2.4 BASIS FOR CALCULATING THE COSTS OF ACTIVITIES	10
2.5 FEASIBLE OPTIONS FOR THE LEVEL OF COST RECOVERY.....	12
2.6 CONCLUSION ON PREFERRED LEVEL OF COST RECOVERY	14
3 FURTHER CHOICES FOR FEE DESIGN	15
3.1 PRINCIPLES OF FEE DESIGN	15
3.2 DESIGN CHOICE 1: SINGLE OR SEPARATE FEES FOR DIFFERENT TYPES OF ALTERATIONS TO THE REGISTER.....	15
3.3 DESIGN CHOICE 2: DIFFERENT FEES FOR ONLINE APPLICATIONS	16
3.4 DESIGN CHOICE 3: COMBINED FEES FOR ISSUING A CERTIFICATE	16
4 PREFERRED OPTION	17
5 IMPLEMENTATION AND EVALUATION	19
APPENDIX A: BDM ACTIVITIES AND FUNDING ARRANGEMENTS	20
APPENDIX B: ESTIMATING CURRENT COSTS OF SERVICES	22

Summary

The Register

The recording of significant life events, such as births, deaths and marriages, in a central register, has benefits for both government (as the agent for the community as a whole) and its individual citizens.

The *Births, Deaths and Marriages Registration Act 1996* (“the Act”) provides for:

- the registration of births, deaths and marriages in Victoria
- the registration of changes of name
- the keeping of registers for recording and preserving information about births, deaths, marriages, changes of name and adoptions in perpetuity
- the keeping of information relating to donors and surrogacy arrangements under the *Assisted Reproductive Treatment Act 2008*
- the alteration of the record of sex in a person's birth registration where the person has undergone sex affirmation surgery
- access to the information in the registers in appropriate cases by government or private agencies and members of the public, from within and outside the State
- the issue of certified and uncertified information from the registers
- the issue of documents acknowledging the identity of certain persons who have undergone sex affirmation surgery
- the collection and dissemination of statistical information.

Cost Recovery

The Births Death and Marriages Registration Regulations 2008 (“the current Regulations”) prescribe fees for a number of services that the Registry of Births, Deaths and Marriages Victoria (BDM) provides to individuals, such as issuing certificates and making alterations to the Register.

Under the *Subordinate Legislation Act 1994*, all regulations in Victoria lapse (or ‘sunset’) after ten years unless extended. The current Regulations were extended in 2018 by one year,¹ and will now sunset on 23 September 2019. New regulations are required to be made in order to continue the charging of fees for these services.

This regulatory impact statement (RIS) finds that there are costs associated with BDM providing services to individuals, being the issuing of certificates and altering information in the Register at the request of individuals. If these costs are not adequately recovered through fees, the cost will need to be met from taxpayers generally through the state budget. This raises a number of problems:

- No cost recovery may be unfair, in that all taxpayers pay for the services even though not all taxpayers benefit from the services. This is a failure to achieve what is known as ‘horizontal equity’.
- No cost recovery for these services could lead to higher demand for these services (e.g., people not taking care of certificates and instead needlessly making repeated requests for new certificates). The increased costs associated with this additional demand is an inefficient use of government resources.

¹ See Subordinate Legislation (Births, Deaths and Marriages Registration Regulations 2008) Extension Regulations 2018. S.R. No. 109/2018.

On the other hand, cost recovery promotes the efficient allocation of resources by sending the appropriate price signals about the value of all the resources being used in the provision of government goods, services and/or regulatory activity. From a horizontal equity point of view, cost recovery ensures that those that have benefited from government-provided goods and services, or those that give rise to the need for government regulation, pay the associated cost. Those parties that do not benefit or take part in a regulated activity do not have to bear the costs.

The proposed Regulations address the problems of inefficient resource allocation and lack of horizontal equity that are consequences of no cost recovery. It does this through setting fees for each service provided by BDM.

The objective of the proposed fees is to recover the costs of services—to the extent that cost recovery is appropriate for the service provided—while ensuring other principles such as vertical equity² and simplicity are also maintained.

Proposed fees

This RIS proposes that the fees continue to be set on a full cost recovery basis, as this addresses the problems of efficiency and horizontal equity, without materially adversely affecting an individual's ability to pay for these services. Options for zero and partial cost recovery were considered in this RIS but were found to be inappropriate.

The preferred option involves:

- fees set to fully recover the costs associated with providing BDM services (noting that the Registrar of Births, Deaths and Marriages (the Registrar) has a discretion under the Act to remit the whole or part of a fee in appropriate cases)
- retaining the current approach to having single fees for similar types of transactions (i.e. application for a certificate, application to alter the Register)
- retaining the current approach of setting a single fee regardless of how an application is lodged
- formally removing the separation between fees for a search for a record and issue of certificate by having a single fee covering these two activities that are in practice always combined.

However, in setting fees consistent with full cost recovery, it is acknowledged that the costs of the services may change in the medium to longer term as a consequence of the introduction by BDM of a new online system. Therefore, although the estimated costs of transactions are based on the old system, it is proposed to continue the current fees (in terms of fee unit amounts) for the time being, until the costs associated with the new system are reviewed within two years.

² Vertical equity suggests that in some situations different people should pay different amounts for the same service, to reflect factors such as ability to pay.

Therefore, the fees proposed to be included in the Regulations are as follows:

Table 1: Comparison of current and proposed fees

Activity	Fee under the current Regulations			Fee under the proposed Regulations		
	Fee units	Fee amount (in 2018-19)	Fee amount (from 1 July 2019)	Fee units	Fee amount (at time new Regs commence)	% Change
Issuing a certificate— application for search of the Register (s. 45(2))	1.14	\$16.50	\$16.95	2.28*	\$33.90	0%
Issuing a certificate— application for issue of a certificate certifying the results of a search of the Register (s. 46(1))	1.14	\$16.50	\$16.95			
Altering an entry in the Register: <ul style="list-style-type: none"> • application to register change of name (adult or child) (ss. 25(2) & 26(2)) • application to alter Register (to alter a person’s sex) (s. 30A(2)) • application to add registrable information to an entry (s.43(6)) 	5.18	\$74.90	\$76.70	5.18	\$76.70	0%
Application for document acknowledging identity (name and sex) (s. 30E(3))	7.47	\$107.90	\$110.60	7.47	\$110.60	0%

* The current separate fees for search and issue of certificate will be combined into a single fee, attached to the issuing of the certificate.

The prescribed fees are expected to raise around \$10.6 million in revenue in 2018-19. (See section 1.3.1 below.)

BDM will review the level of fees again within the next two years, to reflect any change in costs associated with the introduction of its new online system. The proposed approach to fees, which for the most part continues the current arrangements, reflects a level of uncertainty about what might happen to BDM’s costs of transactions once the new online system matures. There are likely to be some additional costs to BDM in the short and medium term in transitioning to the new system, however some savings may be realised in the longer term as the new system allows applications to be processed more efficiently. It is not yet possible to estimate what changes may occur in the long term, as the new system has only been in operation since February 2019, and there is insufficient data to make any practical conclusions. Therefore, the decision to continue the fees at their current levels (in terms of fee units) includes a commitment to review the costs of providing the relevant services within two years to ascertain what cost savings could be reflected in fee reductions. Should increasing the fees be appropriate at that time, that amendment would be subject to the appropriate regulatory scrutiny including preparation of a RIS.

Proposed regulations should consider the impacts on competition and small businesses. As the fees are paid by individuals in their private capacities, there are no competition or small business impacts associated with the proposed fees.

Consultation

Parties affected by, or interested in, the proposed Births, Deaths and Marriages Registration (Fees) Regulations 2019 (the Regulations) are invited to make a written submission on the Regulations.

Details for making a submission, including the time period for submissions, can be found on the Engage Victoria website <https://engage.vic.gov.au/>.

This RIS is designed to facilitate consultation with parties, by explaining the reasons for the proposed Regulations. Parties may wish to comment on the approach outlined in this RIS and its conclusions.

1 Background

1.1 Recording significant life events

The recording of significant life events, such as births, deaths and marriages, in a central register, has benefits for both government (as the agent for the community as a whole) and its individual citizens.

1.1.1 'Public good' aspects of registration

Registration provides a public good to the community because registration gives governments useful information, which is used to benefit to the broader community beyond direct benefits to individuals being registered.

Before the formal systematic use of civil registration of births, deaths and marriages, only churches recorded such details, albeit often in inconsistent and incomplete ways. Progressively, parliaments recognised the need for broader accurate records, initially to guide decisions on matters such as voting, defence and taxation.³ In the Westminster system, a formal system of civil registration of birth, marriages and deaths came into force across England and Wales in 1837. Victoria commenced its civil register in 1853, although the first nationwide register was instituted in Sweden in 1631.⁴

A single central and comprehensive register is vital for effective state planning. The civil registration records of births and deaths are necessary for countries to compile accurate, complete and timely vital statistics, which, along with population censuses, are central to estimating population size – especially for small areas. Similarly, the cause of death data from civil registration systems are vital for pinpointing the diseases and injuries that are cutting lives short and for planning preventive services to avoid premature mortality. Cause of death data are also useful to inform governments about outbreaks of fatal disease.⁵

One of the key functions of Births, Deaths and Marriages Victoria (BDM) is the collection and dissemination of statistical information. This information is used by a wide range of organisations to inform their decision making. Like all state and territory Registries, BDM provides some of the data regarding births and deaths to the Australian Bureau of Statistics (ABS).

Birth statistics are an essential component in the calculation of Australia's estimated resident population. They are also used in determining the number of seats in the House of Representatives for each state and territory, as well as in the distribution of Australian Government funds to state, territory and local governments. Statistics are also critical for measuring trends in fertility and for use in population projections.

Population projections are used to develop policy and operational responses to a large range of issues including those associated with virtually all aspects of modern society such as housing, schooling and child care, health services and environmental planning.

For example, the Causes of Death report released by the ABS provides insights into diseases and other factors contributing to reduced life expectancy. Cause of death statistics are one of the oldest and most comprehensive set of health statistics available in Australia. BDM and other states and territory Registries provide the cause of death data to the ABS.

According to the World Health Organization (WHO), countries need to know how many people are born and die each year – and the main causes of their deaths – in order to have well-functioning health systems. The only way to count everyone and to track all births and deaths is through civil

³ The Telegraph, "When did Parliament introduce registration of births, deaths and marriages?", published 1 July 2016.

⁴ Ibid.

⁵ Lene Mikkelsen, Alan Lopez and David Phillips, "Why birth and death registration really are "vital" statistics for development" *United Nations Development Programme Human Development Reports*, 14 April 2015.

registration. Civil registration provides the basis for an individual's legal identity but also allows countries to identify their most pressing health issues.⁶

Without the information collected through birth and death registrations, it would be significantly more difficult and more costly to manage a range of social functions. Again, if the integrity of the data held by BDM was diminished, the credibility of the information upon which these important decisions are made would be questioned. Consequently, decision makers would need to seek this information from alternative sources which would be more costly and burdensome to obtain.

Therefore, the existence of a register, and the relevant requirements to register births, deaths, marriages and other life events, is of value to the state itself.

In recent years, BDM has been working to increase the rates of birth registration and birth certificate possession amongst Victoria's Aboriginal and Torres Strait Islander communities, including through community engagement and fee waivers. There is evidence to suggest the level of non-registration of births is lower in the Aboriginal community than for the general Victorian population. Not having access to a birth certificate because a person's birth is not registered can have profound impacts on a person's social participation and life chances, for instance, difficulties accessing education and training; obtaining tax file numbers, passports and driver licences; and accessing some government services and payments. BDM has continued to strengthen its engagement with the Aboriginal community in order to increase the rates and timeliness of birth registration and birth certificate possession amongst the community. BDM has worked (and will continue to do so) with Aboriginal community organisations and other stakeholders to deliver BDM services, in particular assistance with registering births, and applying for birth (and other) certificates at a community level. BDM has worked to ensure that its services are delivered in a culturally appropriate way.

1.1.2 'Private good' aspects of civil registration

Civil registration brings multiple benefits to individuals. An individual's right to be counted at both extremes of life is fundamental to social inclusion.⁷

The existence of a centralised civil register has provided an ancillary benefit; namely, the ability for individuals to use information from the register to provide official (i.e., state-endorsed) evidence of certain life events. While reliance on a civil register may not have always been strictly necessary to provide such evidence, its prevalence as the basis for many transactions has now embedded the register as fundamental to enjoying other rights. A birth certificate is a cardinal identity document in Australia, which underpins the ability to obtain a passport and driver licence.

The registration of births is consistent with the United Nations *Convention on the Rights of the Child*⁸ that states that every child should be registered immediately after birth. In almost all societies, a birth registration and the right to obtain a birth certificate is a basic legal right that gives identity to a child, and automatically bestows a number of rights such as the right to health care, nationality, schooling, passport, property ownership, voting, formal employment, or access to banking services.⁹

The importance of birth registration has been highlighted by UNICEF's continued focus on birth registration for all children. A recent UNICEF report comments that "... a name and a nationality are

⁶ WHO, "Civil registration: why counting births and deaths is important" 30 May 2014. The World Health Organisation (WHO) receives cause-of-death statistics regularly from about 100 member states. However, globally, two-thirds (38 million) of 56 million annual deaths are still not registered and every year, almost half of the world's children go unregistered.

⁷ WHO, "Civil registration: why counting births and deaths is important" 30 May 2014. [ibid]

⁸ United Nation (1989) Treaty Series, 1577, 3. (General Assembly resolution 44/25 of 20 November 1989.)

⁹ Lene Mikkelsen, Alan Lopez and David Phillips, "Why birth and death registration really are "vital" statistics for development" *United Nations Development Programme Human Development Reports*, 14 April 2015. [op cit]

human rights. Children whose births are unregistered may not be able to claim the services and protections due to them on a full and equal basis with other children.”¹⁰

The ongoing integrity of the Victorian Register is vital for upholding this right.

Equally important to birth registrations is the integrity of information regarding the identity of a deceased person. A death certificate is a necessary document for the management of a deceased person’s estate. Without proof that a person has died, executors and next of kin are unable to distribute property and meet associated administrative requirements such as applying for probate. For the family of the deceased, a death certificate ensures their right to inherit property, to access business and financial entitlements, and to claim any available insurance benefits.¹¹ In the absence of insurance or inheritance, death registration and certification are often required prerequisites for burial, remarriage, or the resolution of criminal cases.¹²

The functions of BDM are fundamental to the organisation of society and underpin many important social and economic activities. Each year BDM registers an average of 80,000 births and 40,000 deaths. In 2017-18, BDM issued over 300,000 certificates.

1.2 Registry of Births, Deaths and Marriages Victoria (BDM)

BDM is involved in some of the most significant moments in the lives of Victorians. BDM is responsible for:

- recording all births, adoptions, marriages and deaths in Victoria
- registering all domestic and caring relationships in Victoria
- registering name changes, and change of sex for those born or living in Victoria
- issuing certificates for all the above
- offering a civil marriage service through the Victorian Marriage Registry.

BDM also offers historical records to people looking to trace their family history, as well as provide data services to government agencies, universities and medical institutions for research and planning purposes.

BDM is headed by the Registrar, which is a statutory role under the Act, and who operates within the Department of Justice and Community Safety.

1.3 Legislative framework and the need for regulations

The Register in Victoria was established on 18 January 1853 with the proclamation of the *Registration (Births, Deaths and Marriages) Act*. BDM was first known as the Registrar-General's Department and reported to the Colonial Secretary.

Now, the primary legislation that applies to the Register is the *Births, Deaths and Marriages Registration Act 1996* (“the Act”). The objects of the Act are to provide for:

- the registration of births, deaths and marriages in Victoria
- the registration of changes of name
- the keeping of registers for recording and preserving information about births, deaths, marriages, changes of name and adoptions in perpetuity

¹⁰ UNICEF, *Progress For Children: A World Fit For Children Statistical Review*, Number 6, December 2007.

¹¹ Lene Mikkelsen, Alan Lopez and David Phillips, “Why birth and death registration really are “vital” statistics for development” *United Nations Development Programme Human Development Reports*, 14 April 2015.

¹² WHO, “Civil registration: why counting births and deaths is important” 30 May 2014.

- the keeping of information relating to donors and surrogacy arrangements under the *Assisted Reproductive Treatment Act 2008*
- the alteration of the record of sex in a person's birth registration where the person has undergone sex affirmation surgery
- access to the information in the registers in appropriate cases by government or private agencies and members of the public, from within and outside the State
- the issue of certified and uncertified information from the registers
- the issue of documents acknowledging the identity of certain persons who have undergone sex affirmation surgery
- the collection and dissemination of statistical information.

The Act sets out the main requirements associated with registering births and deaths, and for obtaining information from the Register. However, more specific details are set out in subordinate legislative instruments known as 'regulations'. The current Regulations set out:

- the information required to be included in a birth registration statement (usually by parents when registering the birth of their child), a notice of death (to be provided by a medical practitioner) and a notice provided by a funeral director in relation to the disposal of human remains
- fees to be paid by BDM's customers for specified services provided by BDM, for instance, applications for searching the Register and issuing a certificate, applications to alter information in the Register; and applications to register a change of name (for an adult or child).

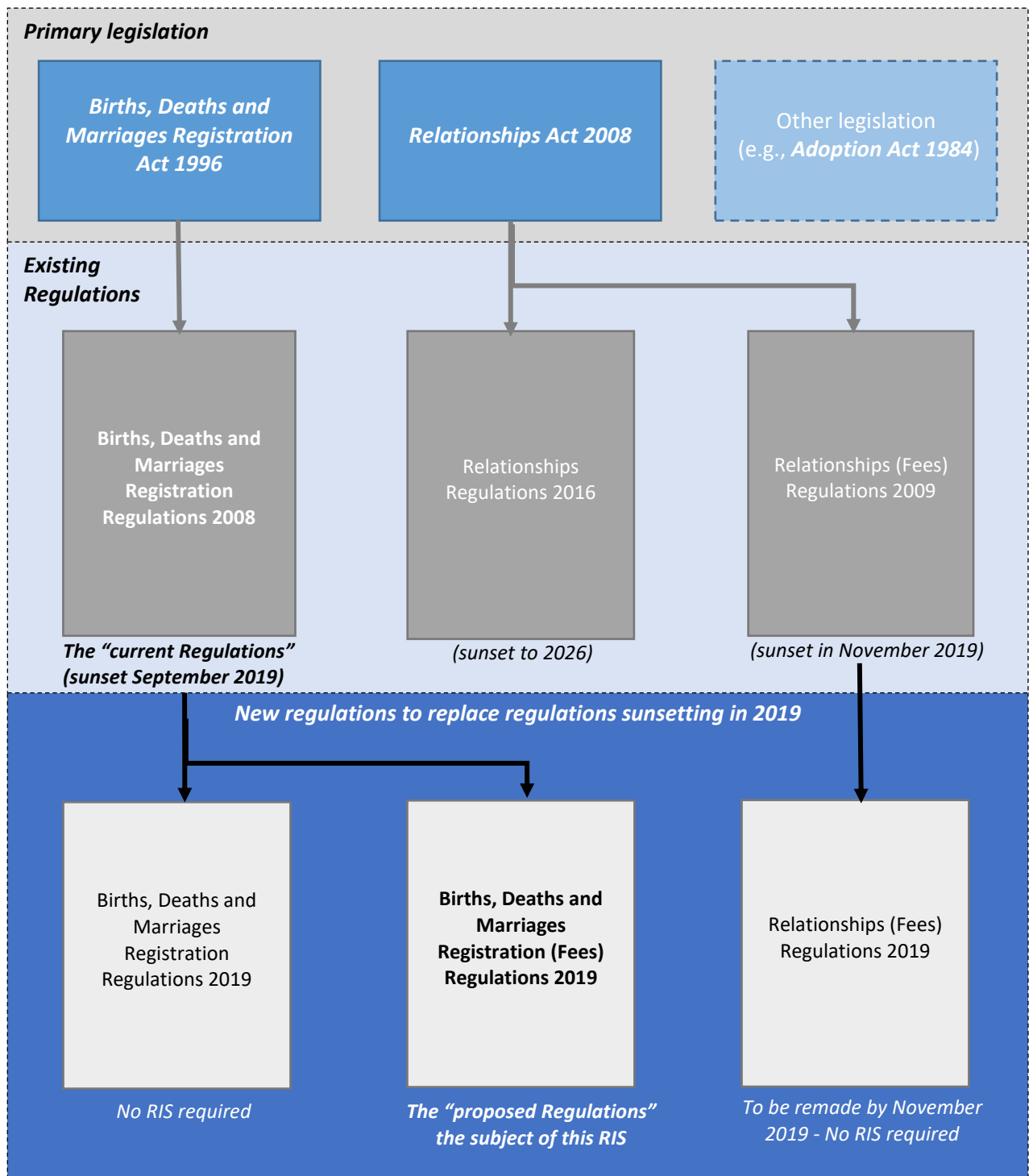
Under the *Subordinate Legislation Act 1994*, all regulations in Victoria lapse (or 'sunset') after ten years unless extended. The current Regulations were extended in 2018 by one year,¹³ and will now sunset on 23 September 2019. New regulations are required to be made in order to continue to specify the relevant information requirements and to set the fees.

It is proposed that in remaking the current Regulations, the content in the current Regulations be split into:

1. new regulations for information requirements (to be included in the Births, Deaths and Marriages Registration Regulations 2019 ("the information Regulations"))
2. the proposed regulations for prescribing fees set out in the Act.

¹³ See Subordinate Legislation (Births, Deaths and Marriages Registration Regulations 2008) Extension Regulations 2018, S.R. No. 109/2018.

Figure 1: BDM's legislation and regulations



This RIS only considers the Regulations that set the fees under the Act, which are considered to have a significant impact due to the total amount of revenue collected. The information Regulations set out information to be provided by (i) parents in a Birth Registration Statement, when registering the birth of a baby; (ii) medical practitioners when notifying the Registrar of the cause of death for a perinatal death (child under 28 days) or death of a person aged 28 days or over; and (iii) funeral directors when notifying the Registrar of the disposal of human remains. Only minor revisions are proposed to the information Regulations from the current Regulations.

Based on consultation with stakeholders and an estimation of likely compliance burden, BDM believes the proposed information Regulations will not have a significant economic or social burden on a sector of the public. Hence, the Minister is able to provide a certificate under Section 8(1)(a) of the Subordinate Legislation Act, exempting them from the need to prepare a RIS. Nevertheless, in reviewing the proposed information Regulations BDM held a consultation workshop in February 2019 with the following stakeholders:

- Australian Medical Association Victoria
- Royal Australian College of General Practitioners
- Elwood Family Clinic
- Australian Funeral Directors Association
- National Funeral Directors Association
- Cemeteries and Crematoria Association of Victoria
- Southern Metropolitan Cemeteries Trust
- The Greater Metropolitan Cemeteries Trust
- Southern Metropolitan Cemeteries Trust
- Coroners Court of Victoria
- Victorian Institute of Forensic Medicine
- Ern Jensen Funerals
- Lonergan and Raven Funerals
- Royal Women's Hospital
- Alfred Hospital
- Department of Health and Human Services
- Australian Bureau of Statistics
- Births Deaths and Marriages registries in NSW and Queensland
- Office of the Victorian Information Commissioner
- Victorian Agency for Health Information
- Consultative Council on Obstetric and Paediatric Mortality and Morbidity
- LGBTI Justice Working Group
- Leading Age Services Australia.

The workshop led to a number of minor clarifications to the information requirements. These stakeholders were invited to provide further comment on the draft new regulations in April 2019. Comments received indicated support for the draft regulations. BDM has now made the draft information Regulations available publicly through Engage Victoria, at the same time as the proposed Regulations are made publicly available for comment.

1.3.1 The current fees

The fees prescribed in the current Regulations are set out below, together with the number of associated transactions and total revenue for each fee type in 2017-18.

Table 2: Current fees and expected revenue

	Fee units	Value of fee in 2018-19**	No. of transactions***	Expected Revenue for 2018-19
Issue of a certificate of the results of a search	2.28*	\$33.00	293,423	\$9,682,959
Register a change of name	5.18	\$74.90	11,897	\$891,085
Add registrable information to an entry	5.18	\$74.90	128	\$9,587
Alter a person's sex	5.18	\$74.90	38	\$2,846
Document acknowledging name and sex ****	7.47	\$107.90	9	\$971
TOTAL			305,495	\$10,587,449

* The current Regulations set a fee of 1.14 fee units for an application for a search of the Register and 1.14 fee units for an application for a certificate following that search. In practice, this is charged and collected as a single fee covering both parts.

** The value of a fee unit is \$14.45 for 2018-19 (as determined annually by the Treasurer under the Monetary Units Act 2004. (See Victorian Government Gazette No. S145, 29 March 2018). The value of a fee unit for 2019-20 will be \$14.81. Under the Monetary Units Act, fee amounts may be rounded up to the nearest ten cents.

*** Number of transactions based on the number in 2018. The total revenue is a projection of what revenue would be in 2018-19 if transactions were at the same level.

**** This applies only for persons whose birth is registered outside Victoria but wish to have a certificate confirming a change of sex.

1.4 Fees under the Relationships Act

Separate from the Births, Deaths and Marriages Registration Act, the *Relationships Act 2008* provides for the establishment of a register for the registration of domestic and caring relationships, and other matters concerning those relationships. While the Relationships Act provides for all aspects of registering domestic and caring relationships with BDM, regulations are required to specify fees to be paid by customers for certain services provided by BDM under the Relationships Act. The Relationships (Fees) Regulations 2009 set out the fees to be paid for an application to register a relationship, to revoke a relationship, to add information to the Register, and to search the Register and issue a certificate.

The Relationships (Fees) Regulations sunset on 24 November 2019, and will also be remade in order to allow BDM to charge for the relevant activities. As the fees under the new Relationships (Fees) Regulations 2019 will not impose a significant burden (as they raise revenue of less than \$1 million per annum), a regulatory impact statement is not required for those regulations. However, as the processes involved (e.g., issuing a certificate, altering information in the Register) are similar to the processes assessed in this RIS, the fees under the two sets of regulations have been reviewed together to ensure a consistent approach.

2 The appropriate level of cost recovery

2.1 The principle of cost recovery

All government activities involve a cost. Cost recovery is a method of recovering all or some of the cost of particular activities undertaken by government agencies, based on the beneficiary pays¹⁴ or impactor pays¹⁵ principle. The concept ‘user pays’ is used to capture both situations.

The task of setting fees or charges involves determining whether to recover costs directly from users or others who benefit from the service being provided, those whose actions give rise to the need for the activity, or taxpayers more generally. Whether costs should be user pays or more generally funded by taxpayers will depend on the type of activity and the existence of any public benefits.

The *Cost Recovery Guidelines* (“the Guidelines”)¹⁶ apply cost recovery to the following activities:

- government provision of a good or service—e.g., issuing a birth certificate, certificate of title, or a working with children check; or providing access to land valuation data
- regulatory activities—e.g., registration, licensing, issuing of permits, and enforcement.

The proposed Regulations do not impose a fee on the activities that are considered public goods (e.g., registration of a birth). This RIS finds that there are costs associated with BDM providing services that provide a private benefit to individuals, being the issuing of certificates and altering information in the Register at the request of individuals. Hence, this RIS considers cost recovery only on those ‘private benefit’ services.

If the costs of providing these private services are not recovered through fees, the cost will need to be met from taxpayers generally through the state budget. This raises a number of problems:

- No cost recovery may be unfair, as all taxpayers pay for the services even though not all taxpayers benefit from the services. This fails to achieve what is known as ‘horizontal equity’.
- No cost recovery for these services could lead to higher demand for them (e.g., people not taking care of certificates and instead needlessly making repeated requests for new certificates). The increased costs to meet this additional demand is an inefficient use of resources.

On the other hand, cost recovery promotes the efficient allocation of resources by sending the appropriate price signals about the value of all the resources being used in the provision of government goods, services and/or regulatory activity. From a horizontal equity point of view, cost recovery ensures that those that have benefited from government-provided goods and services, or those that give rise to the need for government regulation, pay the associated cost. Those parties that do not benefit or take part in a regulated activity do not have to bear the costs.

The objectives of the proposed Regulations are to address the problems of inefficient resource allocation and lack of horizontal equity that are consequences of no cost recovery. It does this through setting fees for each service provided by BDM.

The objectives of the proposed Regulations and associated fees is to recover the costs of services—to the extent that cost recovery is appropriate for the service provided—while ensuring other principles such as vertical equity¹⁷ and simplicity are also maintained.

¹⁴ Those who benefit from the provision of a particular good or service should pay for it (Productivity Commission, 2001, p. XXI).

¹⁵ This is where impactors meet the full costs of their actions, based on the view that those who create the need for a service should incur these costs.

¹⁶ Department of Treasury and Finance, published January 2013.

¹⁷ Vertical equity suggests that in some situations different people should pay different amounts for the same service, to reflect factors such as ability to pay.

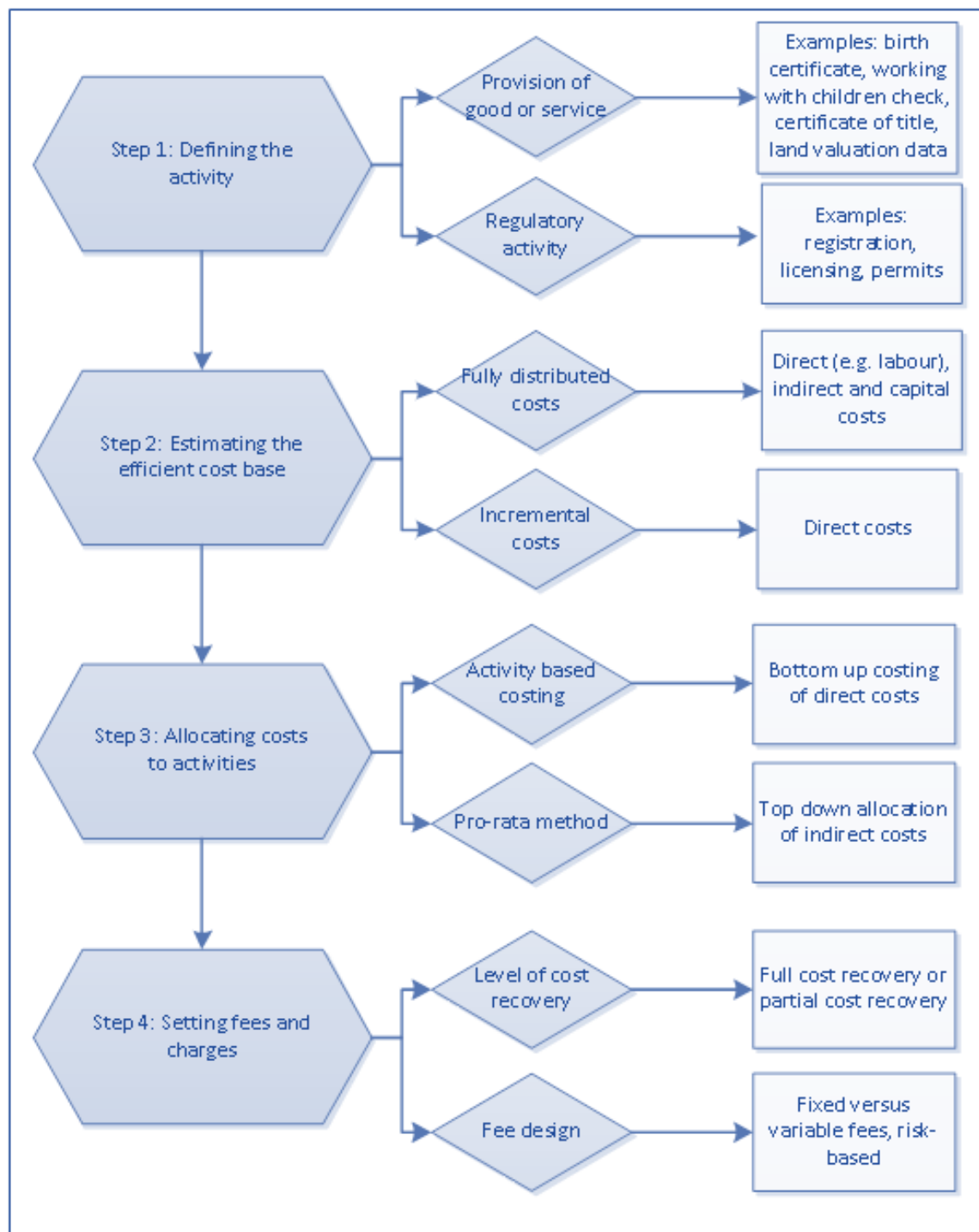
2.2 Applying the cost recovery principles to the proposed fees

Clearly defining the relevant activity or activities that gives rise to the need for cost recovery is important to identify the relevant cost base.

There are four steps in determining appropriate fees: defining the relevant government activity; estimating the efficient cost base (i.e., the actual cost of providing the service, assuming the service is provided efficiently); allocating costs to activities; considering the level of cost recovery and fee design. These are all discussed in this chapter, except for fee design which is discussed in Chapter 3.

Figure 2 summarises the process for implementing cost recovery for fees and charges.

Figure 2: How to assess cost recovery for government services



2.3 Ability to charge fees for activities

The fees in the proposed Regulations relate to activities that fall within the scope of the Guidelines. The activities to which fees should be considered are already clearly articulated in the legislation.

The Act establishes a power to collect fees (to be prescribed in the Regulations) for:

- an application for search of the Register and issue of a certificate certifying the results of that search (ss. 45(2) and 46(1))
- an application to register a change of name (ss. 25(2) and 26(2))
- an application to alter the Register (where a person living in Victoria has undergone sex affirmation surgery and wishes to alter the sex in their birth registration) (s. 30A(2))
- an application to add registrable information to an entry in the Register (s. 43(6))
- an application for a document acknowledging name and sex (for persons who have undergone sex affirmation surgery and whose birth is registered outside Victoria) (s. 30E(3)).

Section 59 of the Act allows for the setting of fees in relation to accessing and searching the Register and issuing certificates.

The Act does not provide a power to require payment of fees for registering a birth or death. This is because it is generally accepted that the primary beneficiary of registrations is the state itself, with individual benefit only arising when an individual requires a relevant certificate.

In this context, the purpose of the fees prescribed in the proposed Regulations is not intended to recover all of BDM's costs. A share of BDM's costs relates to maintaining the Register, registering relevant life events, and using the Register for public purposes. These costs are not sought to be recovered through fees.

Under the Act, the only people able to be charged a fee are those that make the relevant application.

The Act allows the regulations to set a fee for a person accessing certain records held by third parties (pre-1853 records of baptisms, marriages or burials contained in church parish records, that were not handed over to BDM¹⁸). While the current Regulations do set a fee for access to these documents, it is proposed to not prescribe such a fee in the proposed Regulations, as the fee is to be charged by third parties and not BDM, and BDM does not monitor or directly manage access to the documents. This would not affect access to the documents (to the extent that this class of records exists).

2.4 Basis for calculating the costs of activities

For these Regulations, the appropriate approach to calculating the costs of each activity is the activity-based costing method, based on fully distributed costs. In other words, the costs have been estimated by:

- Examining the actual resources used in each individual transaction. This is usually mostly staff time to process applications, but also includes other costs such as stationery.
- Including not only these direct costs, but also an allowance for indirect costs of the organisation that are incurred because the organisation must provide these services. These indirect costs include things such as a share of the IT costs, corporate costs that can be apportioned to the staff that provide the services (e.g., accommodation, recruitment and management costs).

¹⁸ These records were required to be handed over to the Registrar (Government Statist) under the Marriages Act 1898. The Act provides a mechanism for people to inspect any records that were not handed over at that time. It is not known how many such records exist or how often these records are accessed (if at all).

These are discussed in more detail in Appendix B, which also sets out how the costs of each activity were estimated. The results of BDM’s cost estimation are as follows:

Table 3: Estimating the cost of services

Activity	Current fee (in 2018-19)	Actual cost per transaction
Issuing a certificate (including search of the Register)	\$33.00	\$32.53
Application to alter information on the Register (change of name, change of sex, add registrable information)	\$74.90	\$83.38
Application for document acknowledging name and sex	\$107.90	\$112.30

See Appendix B for how costs were measured.

These costs are based on current BDM practices and systems. The actual cost may change under the new online system that has been operational only since 19 February 2019.

For the past few years, BDM has worked on developing a new core online business system, which was implemented on 19 February 2019. The system will enable customers to register life events online, service partners to provide information to BDM online, improve data security, and enhance quality assurance. Previously, most applications were made in hard copy, with only around 37 per cent of certificate applications being made online. This is expected to change over time, under the new online system.

While the capital costs of the new IT system have been met by government, there may be consequential impacts on the costs of providing services in the short and long term. It is possible that in the long term, the new system will support a significant shift in applications moving online, which could reduce the time needed to process applications. It is noted that cost reductions are not the primary objective of the new system, but rather improved service delivery to both BDM customers and stakeholders, data security and integrity. It is not yet possible to estimate what changes may occur in the long term, as the new system has only been in operation for a short time and there is insufficient data to make any practical conclusions.

However, in the short term, there are likely to be other costs involved in providing the relevant services due to the new system. Staff have been trained on the new system, however it will likely take some time before the level of familiarity and maturity of use of the system is fully realised. Until that time, there will need to be additional checks and balances put in place to minimise any errors that may arise in transitioning to the new system.

The cost of maintaining a more complex system will be higher while there may be some staff efficiencies, noting that these staff may be re-tasked to further improve direct services to vulnerable communities or to, for example, extending opening hours.

It is not intended that any increase in costs in the short term due to transitional arrangements should be passed on to customers who make applications during this period. However, it is too early to lock in any cost reductions that might be achieved in the longer run. Therefore, BDM intends a prudent approach, to continue to set fees on the basis of historical activity costs (noting that this will likely slightly under-recover actual costs in the short term), and then to review the cost of services after sufficient data on the operation of the new system is available (around two years).

2.5 Feasible options for the level of cost recovery

General government policy is that regulatory fees and user charges should be set on a full cost recovery basis because it ensures that both efficiency and equity objectives are met. However, there may be other factors—such as equity considerations or risks to policy effectiveness—that may warrant consideration of less than full cost recovery.

The Guidelines outline a number of situations where partial cost recovery may be appropriate, including when:

- practical implementation issues make cost recovery infeasible—e.g., the costs of collecting fees may be high relative to the revenue collected
- there are benefits to third parties (i.e., positive externalities) e.g. preventative health care
- social policy or vertical equity outcomes may be more important than efficiency objectives
- full-cost recovery may adversely affect other government policy objectives—e.g., innovation, concessions, income redistribution, etc
- merit goods exist such as situations where the community as a whole desires a higher level of output—e.g., education, exercise and the arts.

In practice, costs are usually recovered from private parties, including individuals or businesses that directly benefit from a government good or service or whose activities are regulated by government.

2.5.1 Base case: Zero cost recovery

If no new regulations were made, then when the current Regulations sunset near the end of 2019, the fees for all the services set out above would fall to zero. This is the ‘base case’ against which other options are compared. In effect, this base case means that all taxpayers would be funding all of the services.

There are some arguments why zero cost recovery may be appropriate, at least for some of the more common services:

- It is reasonable to expect that everybody at some point in their lives will need to obtain a birth certificate. It may therefore be logical to allow the cost of issuing birth certificates to be funded through general taxation. (In effect, state taxes would need to be very marginally higher than they would otherwise be, or other areas of government spending would need to be reduced slightly, to allow for the additional costs of providing free birth certificates). While this is reasonable in theory¹⁹, issuing free certificates creates a moral hazard and reduces the integrity of the system. Moral hazard is created because some people would no longer keep certificates safe if getting a replacement was free. This would lead to an increase in demand for BDM to issue certificates, increasing the costs that would fall to taxpayers. Hence, retaining a price signal to individuals is a way to ensure the efficient level of services. Further, an associated increase in the number of certificates likely to be issued for individual people means that this would also increase the risk of lost or discarded certificates, and these then being used for fraudulent purposes, reducing the integrity of the certificate as a trusted identity document.
- If the amount of the fees is small, it may not be worth the costs of collecting fees through a payments system. This does not appear to be the case for BDM, as the majority of payments are done very efficiently through a credit card payment facility. It has become even easier to process payments through the new online system using eftpos, BPay and PayPal.

¹⁹ A further argument against this approach is that a growing number of taxpayers are not born in Victoria, and therefore may never need to obtain a birth certificate from BDM.

2.5.2 Option 1: Full cost recovery

Under the Act, there are certain activities (and hence costs) that would continue to be incurred, even if the services of providing certificates ceased. The Registrar would continue to maintain a register and register the relevant life events as set out in the Act.

As noted above, the Act does not provide for the charging of fees to register birth or death information. Hence, it is not the intention that the fees for certificates (and for making other alterations to the Register) be used to fund the entire costs of BDM. The estimation of the cost of service above was limited to only those costs that can be attributed or apportioned to the incremental activities of making alterations to the Register and issuing certificates.

Therefore, the 'full cost recovery' option relates only to the full cost of providing the individual service, not the full costs of all BDM activities.

The full cost recovery option would set fees in line with the costs identified in Table 2 above (subject to fee design considerations discussed in the next chapter).

There is a strong argument for full cost recovery of the fees under the Act:

- All of the services to which fees can be levied are activities which provide a private benefit to the individual applying for the service. This is the prima facie argument as to why the applicant, whose individual choice to apply for the service has directly led to the need to provide the service, should face the full cost of that service.
- The costs of the services, if fully reflected in the fees, do not appear to represent a significant cost barrier that would prevent most people from utilising the service. The fees relate to services that are used very infrequently over a person's life, as opposed to regular or annual costs. Further, section 49 of the Act provides that the Registrar may, in appropriate cases, remit the whole or part of a fee under the Act. This occurs on a case-by-case basis, and BDM has developed guidelines as to when fee waivers can be used. The existence of this power in the Act means that the Regulations need not specifically be concerned with hardship cases.
- There do not appear to be any undesired consequences of charging full costs. For example, there is no possibility of non-compliance with the Act that could be caused by people trying to avoid paying the fee, as all the services are demand driven and payment is required before the service is provided.

Given the benefits of birth and death certificates are most directly experienced by either the registered person or next of kin, it is consistent with the Guidelines that these people bear the costs of providing such services, noting the Registrar has a discretion to remit the whole or part of a fee under the Act.

2.5.3 Option 2: Partial cost recovery

Between the two extremes, fees could be set to recover part of the full costs of each service. As noted above, the ability for some people to afford to pay the fee is not a reason to reduce all fees. Hence, any argument for setting fees at less than the full cost would need to rely on there being some benefit to the public as a whole of providing the service to individuals.

Sometimes, if public or 'spillover' benefits arise from the provision of goods or services, then an adjustment for the level of the public benefit could be made to the level of the proposed fees. This involves a level of judgment, which should be transparent and supported with evidence, data and/or qualitative information to justify the level of the public benefit discount. This allows the reasonableness of any discounts or concessions to be tested with stakeholders during the public consultation process.

There does not seem to be evidence that would support a partial cost recovery option.

2.6 Conclusion on preferred level of cost recovery

Based on the above discussion, BDM proposes that the fees continue to be set on a full cost recovery basis, as this addresses the problems of efficiency and horizontal equity, without materially adversely affecting individuals' ability to pay for these services (noting the Registrar has a discretion to remit the whole or part of a fee under the Act).

However, in the context of transitioning to a new online system, BDM intends to set fees at their current level, and then to review the cost of services after sufficient data on the operation of the new system is available (around two years).

3 Further choices for fee design

3.1 Principles of fee design

While the preferred approach is full cost recovery, there are a number of design choices available as to how fees will be set on an individual basis. The design of fees involves a consideration of different types of fee structures.

An important consideration is the desire to avoid cross-subsidisation. Cross-subsidies arise when one group of users pays more than the cost of the goods and services they receive, and the surplus is used to offset the cost of goods and services provided to other users.²⁰

Cross-subsidies should generally be avoided as they are inequitable (i.e., involve one group paying for some or all of the costs incurred by other users) and can create incentive effects contrary to the desired objectives (i.e., efficient allocation of resources). This means where possible recovering costs directly from those that benefit, or whose actions give rise to the need for, the government good/service/activity.

Nevertheless, some cross-subsidisation is inevitable. For example, while the cost of issuing a certificate is \$32.53 *on average*, there will be some applications that take more time, and some that take less. An ideal fee would charge each applicant a different amount based on the actual time taken for that application. However, this would be overly burdensome to implement. However, there may be options available that allow more graduation of fees based on different circumstances. In these cases, the avoidance of cross subsidies needs to be balanced against principles of simplicity, and the general expectation that an applicant should know the cost of making the application before lodging the application.

3.2 Design choice 1: Single or separate fees for different types of alterations to the Register

While alterations to the Register follow a near identical process, there are slight differences in the time taken by BDM staff to process alterations to the Register.

Table 4: Cost of altering the Register

Activity	No. of transactions	Cost
Change of name	11,897	\$83.30
Change of sex	38	\$86.50
Other alterations to the Register	128	\$89.50
<i>Average cost (weighted by number of transactions of each type)</i>	<i>12,063</i>	<i>\$83.38</i>

The decision choice is whether to retain the status quo of having the same fee for this class of transactions (all alterations to the Register), or to have different fees for each type of alteration requested.

The differences in the costs are considered small, and indeed the differences in these average costs (a range of around \$9) is smaller than the variability of costs of different applications within each activity (which can vary by up to \$20 in some cases).

The Guidelines recommend simplicity as a design principle in setting fees. Therefore, BDM prefers the simplicity of having the same fee for all applications that involve an alteration to the Register. (This uniform fee is also currently reflected in the fee for addition of registrable information to the Register under the Relationships (Fees) Regulations 2019).

²⁰ Productivity Commission 2001, p. XXII

3.3 Design choice 2: Different fees for online applications

There are slight cost differences to issuing a certificate depending on how the application is made.

Table 5: Cost of issuing a certificate, by channel

Activity	Cost per transaction
Paper based application/counter application	\$33.05
Online application that still requires Proof of Identity (POI) check	\$31.34
Online application with automatic POI check	\$29.63
<i>Average cost (weighted by number of transactions of each type)</i>	<i>\$32.53</i>

The design choice is between the status quo (having a single fee for all types of applications for a certificate), or to introduce separate fees dependent on how the application is made.

Having different fees based on whether application occurs fully online (ID electronically verified), online with supplementary evidence of ID, or paper applications, would remove a small degree of cross-subsidisation, and better reflect the true cost differences between these methods. A lower fee for fully online applications may also be an incentive for more people to apply using that method.

However, a higher fee for paper applications would effectively penalise those that cannot, for reasons beyond their control, access fully online applications. Separate fees would also reduce the current simplicity of charging a single amount. Therefore, this option is not preferred. Further, having a single fee would also allow consistency with the fee for a certificate under the Relationships Act to be maintained.

3.4 Design choice 3: Combined fees for issuing a certificate

Every issuing of a certificate requires a search of the Register. Currently, the Regulations set one fee for requesting a search of the Register, and another fee (of the same amount) to issue a certificate following that search (either a certificate of the relevant event, or a certificate confirming no entry was located in the Register about the relevant event). In practice, the fees are combined into a single 'price' of a certificate. This provides a simpler way to advertise the fee for a certificate.

While each component is currently the same amount, in practice, most of the costs involved are better considered to be attributable to the issuing of the certificate itself rather than the search of the Register. The majority of the costs relate to confirming that the applicant is eligible to receive the information that would be contained in the certificate, and on deciding whether the certificate should be issued (e.g., considering other obligations in the Act in relation to privacy, etc).

Table 6: Costs of searching the Register and issuing certificate

Activity	Current fee amount	Cost per transaction
Search of the Register	\$16.50	\$1.71
Issuing certificate	\$16.50	\$30.83
Total price to obtain certificate	\$33.00	\$32.53

It is rare that a person completes an application for a certificate for an event not in the Register, as the steps required in the application process should identify where an entry is unlikely (e.g., by asking for place of birth). The exception is where a person requires a certificate confirming that an entry does not exist in the Register (e.g., to confirm that a person was not married in Victoria), for which a certificate of 'no entry' is issued for the same fee. To avoid an artificial allocation of costs within the Regulations, and to better reflect current practices, it is proposed to not prescribe any fee for a search of the Register under section 45 of the Act, and prescribe the full fee (\$32.53, in equivalent fee units) as the fee for issuing a certificate under section 46(1) ("issuing a certificate following a search of the Register"). This change is not expected to have any effect on the demand for searches or certificates, as currently the two fees are in practice always charged together.

4 Preferred option

The preferred option involves:

- fees set to fully recover the costs associated with providing BDM services (noting the Registrar has a discretion under the Act to remit the whole or part of a fee)
- retaining the current approach to having single fees for similar types of transactions (i.e., application for a certificate, application to alter the Register)
- retaining the current approach of setting a single fee regardless of how an application is lodged
- formally removing the artificial separation between search for a record and issue of certificate.

However, in setting fees consistent with full cost recovery, it is acknowledged that the costs of the services may change in the medium to longer term as a consequence of the introduction of BDM's new online system. Therefore, it is proposed to continue the current fees (in fee unit amounts) for the time being, until the costs associated with the new system are reviewed within two years. It is also proposed to continue with the current fees for simplicity as the estimated costs of transactions (based on the old system) are slightly different from the current fees.

Therefore, the fees proposed to be included in the Regulations are as follows:

Table 7: Comparison of current and proposed fees

Activity	Fee under the current Regulations			Fee under the proposed Regulations		
	Fee units	Fee amount (in 2018-19)	Fee amount (from 1 July 2019)	Fee units	Fee amount (at time new Regs commence)	% Change
Issuing a certificate— application for search of the Register (s. 45(2))	1.14	\$16.50	\$16.95	2.28*	\$33.90	0%
Issuing a certificate— application for issue of a certificate certifying the results of a search of the Register (s. 46(1))	1.14	\$16.50	\$16.95			
Altering an entry in the Register: <ul style="list-style-type: none"> • application to register change of name (adult or child) (ss. 25(2) & 26(2)) • application to alter Register (to alter a person's sex) (s. 30A(2)) • application to add registrable information to an entry (s.43(6)) 	5.18	\$74.90	\$76.70	5.18	\$76.70	0%
Application for document acknowledging identity (name and sex) (s. 30E(3))	7.47	\$107.90	\$110.60	7.47	\$110.60	0%

* The current separate fees for search and issue of certificate will be combine into a single fee, attached to the issuing of the certificate.

As the fees are paid by individuals in their private capacities, there are no competition or small business impacts associated with the proposed fees.

For the information of interested parties, BDM proposes to remake the Relationships (Fees) Regulations by also maintaining the current fees as follows:

Table 8: Fees in the proposed Relationships (Fees) Regulations 2019

Activity	Fee under the Relationships Regulations (Fees) 2009			Proposed fee in Relationships Regulations (Fees) 2019		
	Fee units	Fee amount (in 2018-19)	Fee amount (from 1 July 2019)	Fee units	Fee amount (at time new Regs commence)	% change
An application to register a registrable relationship	15.4	\$222.50	\$228.10	15.4	\$228.10	0%
Application to revoke the registration of a registered relationship	5.18	\$74.90	\$76.70	5.18	\$76.70	0%
Addition of registrable information to an entry in the Relationships Register	5.18	\$74.90	\$76.70	5.18	\$76.70	0%
Application for a search of the Relationships Register	1.14	\$16.50	\$16.95	2.28	\$33.90	0%
Issue of a certificate certifying the results of a search of the Relationships Register	1.14	\$16.50	\$16.95			

5 Implementation and evaluation

There is no new implementation strategy required, as there are already processes in place to advertise the relevant fees (on the BDM website and in various printed documents), and to collect payments upon application. As the fees are proposed to continue at their current levels, no particular steps are necessary to communicate any changes, beyond the existing processes to update fee amounts each year in line with automatic indexation of fees.

BDM will review the level of fees again within the next two years, to reflect any change in costs associated with the introduction of the new online system. The proposed approach to fees, which for the most part continues the current arrangements, reflects a level of uncertainty about what might happen to BDM's costs of transactions once the new online system matures. As noted in chapter 3, there are likely to be some additional costs to BDM in the short and medium term in transitioning to the new system, however some savings may be realised in the longer term as the new system allows applications to be processed more efficiently. (It is noted that cost reductions are not the primary objective of the new system, but rather data security and integrity, etc.). It is not yet possible to estimate what changes may occur in the long term, as the new system has only been in operation since February 2019, and there is insufficient data to make any practical conclusions. Therefore, the decision to continue the fees at their current levels (in terms of fee units) includes a commitment to review the costs of providing the relevant services within two years to ascertain what cost savings could be reflected in fee reductions. Should increasing the fees be appropriate at that time, that amendment would be subject to the appropriate regulatory scrutiny including preparation of a RIS.

Over this period, BDM will continue to collect data on the number of transactions, with particular emphasis on the channels through which transactions are initiated (online, in person). BDM will also track the changes to its costs associated with the implementation of the new system.

Appendix A: BDM activities and funding arrangements

Table 9 below sets out the number of registrable events registered by BDM in 2017-18.

Table 9: Registrable events 2017-18

Events	Number
Births	80,118
Deaths	40,620
Marriages	28,698
Changes of Name	11,897
Registered relationships	3,930
Stillbirths	474
Revocation of registered relationships	278
Adoptions	49
Recognition of sex	38
TOTAL	166,102

Table 10 below sets out the volume of customer contacts in 2017-18.

Table 10: Customer service in 2017-18

Type of interaction	Number
Online applications received	176,052
Calls answered by BDM Contact Centre	127,355
Mail applications received	75,686
Citizens services at BDM Service Centre	95,181
Applications received through justice service centres	13,562
Marriage ceremonies conducted at the Old Treasury Building	3,314
Marriage ceremonies conducted at BDM offices	18
Registered relationship ceremonies conducted at the Old Treasury Building	17
TOTAL	491,185

All fees prescribed in the Regulations are remitted to consolidated revenue, with BDM funded primarily through an annual appropriation as part of the budget process. This process determines the expected funding requirements for BDM for the forthcoming year; the funding available to BDM does not automatically increase if there is an increase in applications.

BDM is accountable for how it spends its allocated budget, through reporting against various performance measures. These measures include the time to complete applications for certificates, accuracy of registrations, service efficiency (wait times) and customer satisfaction (via survey and recording of complaints).

In addition to the levying of the prescribed fees, the Registrar may also set and collect fees for additional services. Under section 51 of the Act, the Registrar may enter into an arrangement for the provision of additional services in connection with the provision of services relating to a registrable event, including, but not limited to:

- (a) the provision of information in the form of a decorative certificate or other document; and
- (b) the provision of information from records maintained under section 50 relating to the registrable event.

The Registrar may enter into an arrangement for the provision of information from records maintained under section 50 or the Register, including historical or genealogical information.

If the Registrar provides a service or an additional service under this section, the Registrar may make a charge for the service determined by the Registrar, in his or her absolute discretion, which does not necessarily need to bear a relation to the cost of providing the service.

Unlike the prescribed fees in the proposed Regulations, BDM retains any revenue collected by these additional fees. This is because these services are considered discretionary (the Registrar is not required to provide these services), and the level of resources is entirely demand driven.

BDM has used this power to set additional fees as the basis for setting and charging additional fees (outside the Regulations) for:

- commemorative certificates
- marriage ceremonies
- priority service
- copy of original registration document
- envelopes
- fax fees
- verification letter
- postage and handling
- uncertified historical images
- tailored data services for larger organisations, such as government departments, universities and corporates.²¹

The overall funding to BDM is therefore as follows:

Table 11: BDM revenue sources

Funding source	2014-15	2015-16	2016-17	2017-18
Funding from budget appropriation	\$5,339,700	\$3,286,000	\$4,646,700	\$5,667,300
Funding from retained revenue sources	\$5,404,600	\$6,369,240	\$6,203,566	\$6,514,553
Total revenue	\$10,744,300	\$9,655,240	\$10,850,266	\$12,181,853

²¹ BDM provides important data sets to third parties for statistical purposes, research and other administrative or legislative compliance purposes. The data sets BDM maintains are highly confidential and must be managed ethically and securely to protect an individual's privacy. Data is only provided where privacy is protected, the purpose is in the public interest and the data will remain secure and managed appropriately. In 2017-18, BDM had 11 ongoing data provisioning agreements in place, and completed a further 17 ad-hoc data requests.

Appendix B: Estimating current costs of services

Estimating the efficient cost base first requires an identification of all relevant operating costs, capital costs and proportion of overhead costs to be recovered. These must be integral or directly related to the activity. Costs that are not integral or directly related to the activity should be excluded. In particular, costs of the broad development of policy/regulation and general parliamentary servicing roles of government should be excluded from the cost base.

This RIS uses fully distributed costs to estimate the relevant cost base. This costing method is the most comprehensive approach and involves allocating all costs (i.e. direct, indirect and capital costs) to the various activities of a government agency or department (or part thereof). Direct costs are those that can be directly attributed to an activity e.g. all relevant labour costs, such as wage costs including on-costs and overheads. Indirect costs are not incurred exclusively for the activity being regulated and include corporate services, information technology and shared enforcement and compliance costs. Capital costs include depreciation and the opportunity cost of capital. Sometimes indirect costs cannot be measured precisely for each individual transaction, and as such a general approximation can be used, such as scaling up staff costs to take account of personnel overheads.

The activity-based costing (ABC) method has been used to allocate the estimated cost base to different transaction types. However, in practice it is usually only possible for direct costs, so the pro-rata method is used for indirect costs. The ABC method involves assigning costs to regulatory activities on the basis of the costs of each input used to undertake that activity (for example, labour and materials). Each input is costed based on the amount of resources consumed by the activity. This bottom-up costing method, therefore, requires data on the cost of each activity, disaggregated by input. To apply ABC a detailed break-down of the individual staff time involved in each step of the process is needed and the relevant wage rates are used to calculate costs.

Note: the following estimates are based on current practices. Staff that perform tasks within each process were interviewed and a small sample of transactions were timed. Interviews were to confirm if the time spent was typical of most transactions of each type, and to ensure the time attributed was efficient. The time recorded is to be taken as an average across all transactions within a category—in practice some transactions may take significantly longer (e.g., if there is information missing) while most others take a little less than average.

Application for a certificate (includes search of the Register)

Step	Time (minutes)
Application is received and checked for completeness, correct payment is confirmed	2
Requested information is accessed on the Register	0.5
Applicant's eligibility and Proof of Identity is checked	2.2
Issue of certificate is approved. Certificate printed	2
Certificate is provided to applicant (in person or sent to outgoing mail)	0.2
TOTAL TIME	6.9

BDM staff note a minor reduction in time required for online applications (0.5 minutes) and those that are able to have the identity of the applicant verified automatically (0.5 minutes).

Altering the Register

(Same process for change of name, change of sex, or adding registrable information)

Step	Time (minutes)
Application is received and checked for completeness. Correct payment is confirmed.	2
Relevant record is accessed on the Register	0.5
Applicant's eligibility and Proof of Identity is checked	2.2
Supporting documentation for the requested alteration is assessed	7
Applicant is asked to provide further information (around 10% of cases)	6
The Register is amended/not amended	4
Applicant is notified of outcome	2
TOTAL TIME	23.7

These times for each transaction were multiplied by the average cost of staff time. This was calculated at \$1.75 per minute, based on weighted average of staff levels that perform these tasks.

Time costs were also scaled up to account for staff oncosts (such as superannuation) and overheads (other corporate costs related to employing staff such as HR, IT, accommodation, etc). The relevant multiplier used 1.95. This is higher than the 'default' 1.75 used for typical VPS functions, due to other BDM costs that are part of providing these services (i.e., handling a high number of enquiries, maintaining a shopfront for services). The multiplier of 1.95 was calculated by looking at all BDM operational costs other than staff directly involved in each transaction, and apportioning a share of these costs to the services provided.

There were also some fixed costs included (being stationery and printing). Fixed costs for issue of a certificate is \$9.50; the fixed costs for alterations to register is \$2.50.

This gives a total incremental cost of:

- For searching the Register and issuing certificates - \$32.53
- For making alterations to the Register - \$83.38

Are the current costs efficient?

The Guidelines state that cost recovery charges should be set according to an 'efficient' cost base. This means that costs should be the minimum necessary to deliver the good/service/regulatory activity to achieve the required quality.

There are a number of ways to demonstrate that the costs to be recovered are based on efficient costs.

- Activity-based costing is useful to show all input activities and associated costs in a regulatory process. This approach may highlight inefficient parts of the regulatory process and help to identify process improvements. It also enables stakeholders to comment on possible process inefficiencies.
- Views of affected stakeholders about the appropriate standards and level of service provision.
 - BDM is accountable for how it spends its allocated budget, through reporting against various performance measures. These measures include the time to complete applications for certificates, accuracy of registrations, service efficiency (wait times) and customer satisfaction (via survey and recording of complaints). In recent years, BDM has significantly reduced turnaround times and improved the quality of its services. BDM achieves high

results in its customer satisfaction surveys, introduced in 2017. Customer satisfaction has now been established as a new budget performance measure, which commenced in July 2018. These performance data are published in state budget papers and the Department of Justice and Community Safety annual reports.

- During 2017-18, BDM implemented all three recommendations from a January 2017 Ombudsman’s report, Investigation into the Registry of Births, Deaths and Marriages’ handling of a complaint. Business practices were reviewed externally and the report provided to the Ombudsman. The report confirmed that all recommendations from the 2017 Ombudsman report, and from an external review undertaken in 2016, have now been implemented.
- BDM was recognised as a finalist for the Institute of Public Administration Australia (IPPA) Victoria Service Delivery Award for its introduction of digital proof of identity (DPOI). DPOI removes the need for certified copies of documents to provide proof of identity for some customers, reducing the time (and hence the cost) needed to process an application.
- Benchmarking fees against those charged in other jurisdictions. The proposed fees are in general well below those in other Australian jurisdictions. While there may be some legislative differences between jurisdictions that affects how services are performed, and it is not clear if and to what extent other jurisdictions fully recover their costs, BDM believes this data is generally indicative of the services in Victoria being performed efficiently.

Table 12: Comparison of fees in Australian jurisdictions (current fees as at 22 April 2019)

	VIC	NSW	ACT	TAS	QLD	WA	NT	SA
BDM Act								
Issue of a certificate of the results of a search	\$33.00	\$58.00	\$63.00	\$53.98	\$48.20	\$49.00	\$46.00	\$49.75
Register a change of name	\$74.90	\$190.00	\$124.00	\$196.18	\$183.60	\$173.00	\$92.00	\$236.75
Alter a person’s sex	\$74.90	\$131.00	\$47.00	\$79.00	\$112.50	\$49.00	\$46.00	\$99.50
Add registrable information to an entry	\$74.90	\$71.00	-	\$79.00	\$19.50	\$49.00	\$46.00	-
Document acknowledging name and sex	\$107.90	\$127.00	-	-	-	-	-	-
Relationships Act								
Register a relationship	\$222.50	\$218.00	-	\$191.18	-	-	-	\$110.00
Revoke a registration of relationship	\$74.90	\$80.00	-	\$79.00	\$38.10	-	-	\$110.00
Add information to a registration	\$74.90	-	-	\$52.14	-	-	-	-
Issue of certificate	\$33.00	\$58.00	\$63.00	\$53.98	\$48.20	-	-	\$49.75

A ‘-’ indicates no fee is prescribed for that transaction, or the type of activity is not provided for in that jurisdiction.

While this discussion suggests that the costs are reasonably efficient based on current practices, BDM acknowledges that the implementation of the new online system will, in the longer term, likely provide for an improvement in the efficiency of the services provided. This will be considered in the planned review of fees after two years.