



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2009-10 AND 2010-11 FINANCIAL AND PERFORMANCE
OUTCOMES QUESTIONNAIRE — PART TWO**

VICTORIA POLICE

DUE: TUESDAY 13 DECEMBER 2011

Question 1

Over the life of *The Way Ahead 2008-2013*, Victoria Police has committed to reducing crime by 12 per cent. Is Victoria Police on target to achieve this?

The baseline for calculation of the reduction in the crime rate per 100,000 population is the result at 1 July 2008. This was 7,209 offences per 100,000 population.

At 30 June 2011, the result was 6,428.7 offences per 100,000 population.

This equates to a reduction to date of 10.8 per cent over the three-year period.

On the basis of results achieved to date, Victoria Police is on target to achieve the 12 per cent reduction sought by 30 June 2013.

Question 2

The 2009-10 and 2010-11 annual reports outline a number of road policing policies that contribute to the reduction of the road toll. Have any evaluations been undertaken to assess which of these programs have been more effective at reducing the road toll?

The Road Policing initiatives described in the 2009-10 and 2010-11 annual reports relate to Operation AEGIS, Operation RAID, Operation ARDENT, Operation ARGUS and Yellow Flag / Black Flag. These initiatives are directed at different segments of road users and/or are conducted at different times of the year. Operations RAID is a national coordinated initiative run for a defined period once per year. Operation AEGIS is a state wide initiative which is run at peak holiday periods, such as Christmas, Easter and Queen's Birthday weekend. Operation ARDENT is a local level initiative run at different times in different local areas. These initiatives are designed to be complementary rather than competitive, so their effectiveness relative to each other is not evaluated. Each individual initiative is subject to ongoing evaluation, such as:

- As part of the state-wide debrief and evaluation of **Operation RAID** held each year, an assessment of the road trauma levels compared to the same period the previous year is undertaken. This initiative has continued to show a reduction in road trauma levels compared to the same time in the previous year.
- **Operation AEGIS** is run three times each year, and as part of the state-wide debrief and evaluation, an assessment is made of road trauma levels compared to the same periods in the previous year. This operation has continued to show a reduction in road trauma levels compared to the previous corresponding period.
- As part of the debrief and evaluation of **Operation ARDENT**, which is run in the nine Priority Police Service Areas (PSA) at different times of the year, an assessment of the road trauma levels compared to the same periods the previous year is undertaken for each PSA. These operations have continued to show a reduction in road trauma levels, compared to the same time in previous years in the majority of those nine PSAs.

All three operations are considered to have been effective in their own right.

Question 3

For each of the last five years, the administered income from 'regulatory fees and fines' has been between \$23 and \$25 million (including \$23.4 million in 2009-10 and \$23.8 million in 2010-11). However, the budget estimates for this item were \$11.8 million in 2009-10 and \$14.5 million in 2010-11.¹ Please explain:

- (a) the reasons for the budget estimates in 2009-10 and 2010-11 being substantially below the actual for the previous years; and

While it is acknowledged that this information is included in the Victoria Police Annual Report, the budget information has been sourced from Victoria Police information, which is contained within the Department of Treasury and Finance budget management system that is used to prepare the State Budget Papers. The actual outcome, however, has been sourced from internal Victoria Police systems and neither has been prepared on a consistent basis. Therefore, while both information sets have been prepared by Victoria Police, as they have been prepared on a different basis, it is not possible to compare and explain the variances. Victoria Police are of the opinion that they are not required to complete the Budget Portfolio Outcomes statements that are the subject of this question as the requirement to complete these is upon Departments that have portfolio responsibility and budget statements in the Budget Papers for comparison purposes. Victoria Police will be clarifying this requirement with the Department of Treasury and Finance and in the future will either not produce these statements or if required to produce the statements will ensure that both budget and actual data will be obtained from the same source and on a consistent basis to ensure they are comparable.

- (b) why the income for 2009-10 and 2010-11 from this source substantially exceeded the budget estimate each year.

While it is acknowledged that this information is included in the Victoria Police Annual Report, the budget information has been sourced from Victoria Police information, which is contained within the Department of Treasury and Finance budget management system that is used to prepare the State Budget Papers. The actual outcome, however, has been sourced from internal Victoria Police systems and neither has been prepared on a consistent basis. Therefore, while both information sets have been prepared by Victoria Police, as they have been prepared on a different basis, it is not possible to compare and explain the variances. Victoria Police are of the opinion that they are not required to complete the Budget Portfolio Outcomes statements that are the subject of this question as the requirement to complete these is upon Departments that have portfolio responsibility and budget statements in the Budget Papers for comparison purposes. Victoria Police will be clarifying this requirement with the Department of Treasury and Finance and in the future will either not produce these statements or if required to produce the statements will ensure that both budget and actual data will be obtained from the same source and on a consistent basis to ensure they are comparable.

¹ Victoria Police, *Annual Report 2009-10*, p.73; Victoria Police, *Annual Report 2010-11*, p.83

Question 4

According to Victoria Police's *Annual Report 2010-11* (p.81), 'other non financial assets' at 30 June 2011 amounted to \$12,742,000 compared to a budget of \$73,000. At 30 June 2010, 'other non-financial assets' stood at \$573,000 compared to a budget \$5,219,000 (*Annual Report 2009-10*, p.71). Please provide a break-down of the key components that comprise the balance sheet item 'other non-financial assets' which shows:

- (a) a comparison of actual to budget for each item as at 30 June 2010
- (b) an explanation for the underlying reasons for each variance of more than ± 10 per cent between actual and the forecast amount.

Component	Budget estimate for 30 June 2010	Actual as at 30 June 2010	Explanation for variation
Prepayments	\$4,122,000	\$73,000	Timing differences for payments are not budgeted for. The budget for June 2010 is the closing balance of prepayments for June 2009 and includes a \$4m prepayment of superannuation.
Advances to DTF	\$0	\$500,000	This is deposits for purchases of land through DTF. Activity of this type is sporadic and is not able to be budgeted for.
Intangible Assets	\$1,097,000	\$0	This budget should have been separated out and was incorrectly reported for June 2010.

- (c) a comparison of actual to budget for each item as at 30 June 2011
- (d) an explanation for the underlying reasons for each variance of more than ± 10 per cent between actual and the forecast amount.

Component	Budget estimate for 30 June 2011	Actual as at 30 June 2011	Explanation for variation
Prepayments	73,000	6,063,000	Timing differences for payments are not budgeted for. In 2010-11 there was a two day salary prepayment due to the pay being processed on 30 June which is approximately \$6m.
Advances to DTF	0	6,649,000	This is deposits for purchases of land through DTF. Activity of this type is sporadic and is not able to be budgeted for.

Question 5

In 2009-10, 'prepayments of finance leases' resulted in a cash outflow of \$46,059,000 compared to a budget of \$2,805,000. In 2010-11, 'prepayments of finance leases' resulted in a cash outflow of \$43,948,000 compared to a budget of \$1,757,000.² Please explain:

- (a) the reasons for the cash budget for 2010-11 being substantially below the actual for the prior year; and

While it is acknowledged that this information is included in the Victoria Police Annual Report, the budget information has been sourced from Victoria Police information, which is contained within the Department of Treasury and Finance budget management system that is used to prepare the State Budget Papers. The actual outcome, however, has been sourced from internal Victoria Police systems and neither has been prepared on a consistent basis. Therefore, while both information sets have been prepared by Victoria Police, as they have been prepared on a different basis, it is not possible to compare and explain the variances. Victoria Police are of the opinion that they are not required to complete the Budget Portfolio Outcomes statements that are the subject of this question as the requirement to complete these is upon Departments that have portfolio responsibility and budget statements in the Budget Papers for comparison purposes. Victoria Police will be clarifying this requirement with the Department of Treasury and Finance and in the future will either not produce these statements or if required to produce the statements will ensure that both budget and actual data will be obtained from the same source and on a consistent basis to ensure they are comparable.

- (b) why cash outlays for 2009-10 and 2010-11 substantially exceeded the budget estimate each year.

While it is acknowledged that this information is included in the Victoria Police Annual Report, the budget information has been sourced from Victoria Police information, which is contained within the Department of Treasury and Finance budget management system that is used to prepare the State Budget Papers. The actual outcome, however, has been sourced from internal Victoria Police systems and neither has been prepared on a consistent basis. Therefore, while both information sets have been prepared by Victoria Police, as they have been prepared on a different basis, it is not possible to compare and explain the variances. Victoria Police are of the opinion that they are not required to complete the Budget Portfolio Outcomes statements that are the subject of this question as the requirement to complete these is upon Departments that have portfolio responsibility and budget statements in the Budget Papers for comparison purposes. Victoria Police will be clarifying this requirement with the Department of Treasury and Finance and in the future will either not produce these statements or if required to produce the statements will ensure that both budget and actual data will be obtained from the same source and on a consistent basis to ensure they are comparable.

² Victoria Police, *Annual Report 2009-10*, p.72; Victoria Police, *Annual Report 2010-11*, p.82

Question 6

The Victoria Police *Annual Report 2010-11* (p.23) indicates that the *Protecting our People Strategy* targets for 'workplace injuries' and 'days lost to injury' in 2010-11 were not met. Please explain what factors led to this result and what changes the Police have made to address these factors.

The 2010-11 target of 20 per cent was set against a 2008-09 base year figure. The 2009-10 target was a 10 per cent reduction for both workplace injuries and days lost to injury. The actual result for 2009-10 was a 6.9 per cent increase in workplace injuries and a 1.3 per cent decrease in total days lost to work place injuries (page 23 of the 2009-10 Annual Report). This underperformance against the 2009-10 10 per cent target made the 20 per cent 2011-12 target harder to achieve. However, The 2010-11 year saw a marked reduction in both the number of workplace injuries and the days lost to those injuries compared to the previous year. The ground lost in 2009-10 has been turned around with renewed focus and commitment to health and safety across the organisation.

The changes made to address these factors include the visible commitment by the Victoria Police Executive in relaunching, and refocusing safety as a top strategic priority. Accountability has been driven through the use of revised performance reports, integrating safety as mandatory into performance review processes, recruitment, training and promotion programs and operational safety training to better inculcate safety into every part of the business of policing.

The current year continues to demonstrate improved performance trends supporting the refocus adopted across the organisation.

Question 7

Based on Victoria Police's analysis of its preparedness for the additional police and PSOs (*Annual Report 2010-11*, p.27), were any issues identified which are not being addressed which might impact on the Police's capacity to have all 1,700 additional police and 940 PSOs recruited by November 2014?

All identified risks related to the recruitment of the 1,700 additional police and 940 PSOs have a risk mitigation strategy in place. This does not necessarily mean they have been addressed, but that they are being monitored and reported on. This analysis covers infrastructure, industrial issues, financial management and training requirements.

Question 8

According to Victoria Police's *Annual Report 2010-11* (p.82), 'net cash flows from operating activities' for the year ended 30 June 2011 amounted to \$24,466,000 which was substantially below the budget of \$117,822,000. The major component of this is 'payments to suppliers and employees', which, on a cash basis, exceeded the budget over this period by \$146,545,000 or 8.3 per cent. Please provide a break-down of the item in the cash flow statement 'payments to suppliers and employees' between payments to suppliers and payments to employees which shows:

- (a) a comparison of actual to budget for each item for 2010-11; and
- (b) an explanation for the underlying reasons for each variance of more than ± 10 per cent between actual and the forecast amount.

Component	Budget estimate for 2010-11	Actual for 2010-11	Explanation for variation
Payment to suppliers	\$442,810,000	\$535,681,000	Variance mainly relates to timing differences in non-cash transactions, such as accounts payable and accrued expenses, that are not and cannot be budgeted for. Also the classification of some items varies between budgets and actuals such as GST recoveries from the ATO.
Payment to employees	\$1,318,107,000	\$1,371,781,000	Variance immaterial (4%)

Question 9

Victoria Police's *Annual Report 2010-11* (p.154) indicates that the total base remuneration for executives increased by 20 per cent, although the number of executives only increased from 31 to 32. The Committee notes that there were significant changes in the number of executives in different income bands, with an apparent significant movement up the bands. For example, the base remuneration for the top 10 executives in 2009-10 was between \$190,000 and \$289,000 each, whereas the base remuneration for the top 10 executives in 2010-11 was between \$230,000 and \$329,000 each.

- (a) How many individuals were included in the executive remuneration disclosure for both years?

2009-2010: 31 employees

2010-2011: 32 employees

- (b) Please detail the number of executives who received increases in their remuneration between 1 July and 26 November 2010 and the number receiving increases between 27 November 2010 and 30 June 2011, breaking that information down according to what proportion of their salary the increase was.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount between 1 July and 26 November 2010	Number of executives receiving increases in their base rate of remuneration of this amount between 27 November 2010 and 30 June 2011
0-3 per cent	21	1
3-5 per cent	0	1
5-10 per cent	1	3
10-15 per cent	2	0
greater than 15 per cent	0	0

(c) Please detail the reasons for the increases in the total of executives' base remuneration between 2009-10 and 2010-11.

In 2009-10 as well as in previous years, salary sacrifice amounts (into superannuation) were not reported as part of total remuneration. Such salary sacrifice amounts are deducted from total remuneration packages and should have been reflected in the total remuneration amounts. In 2010-11, Executive Officer remuneration was reported from a newly introduced *HR Assist* system, which allows for more accurate and robust reporting of data. The inclusion of salary sacrifice amounts into total remuneration accounts for \$537,099 (or some 45%) of the total variance identified.

Other matters impacting on/contributing to the increase in total remuneration of executives were:

- A 3% increase resulting from the annual review of executive remuneration across the Victorian public service;
- Increases resulting from some individual remuneration reviews;
- Appointment of some new executives in a higher range to their predecessor (different exit and incoming salaries); and
- Impact of items such as ceasing purchased leave arrangements.

Question 10

For the performance measure 'Reduction in crimes against the person' the annual reports of both Victoria Police and the Department of Justice over the last two years have indicated that the increase of attendance at family violence incidents is a contributing factor. However, Victoria Police's crime statistics indicate that the number of 'crimes against the person not arising from family incidents' increased by 1.1 per cent between 2008-09 and 0.1 per cent between 2009-10 and 2010-11.³ These numbers are still significantly higher than the target (which was for a 2 per cent reduction each year). For 2009-10 and 2010-11, please indicate what factors have led to the numbers of 'crimes against the person not arising from family incidents' increasing.

Assault offences make up the largest part of the total number of offences in the crime against the person category. In 2009-10 and 2010-11, increases were recorded in the number of assaults recorded in other community locations. The rate of that increase slowed between the two years, largely due to the impact of the Safe Streets initiative in the CBD and similar operations elsewhere across the state.

Question 11

Victoria Police's *Annual Report 2010-11* notes that family violence is 'one of the areas where increases in crime statistics are considered a positive' (p.19). How has this fact contributed to setting the performance target for 'crimes against the person' in 2009-10, 2010-11 and 2011-12?

Targets are not determined solely on the basis of the performance trend over time, or the impact of Victoria Police operational priorities. They are also influenced by broader portfolio and government priorities, including a reduction in crime.

Question 12

To what factors does Victoria Police attribute the rise in crimes against the person on public transport in 2009-10 (1.3 per cent as a rate per 100,000 population⁴) and 2010-11 (1.0 per cent as a rate per 100,000 population⁵)?

The rise in crimes against the person on public transport (as a rate per 100,000 population) is largely attributable to a significant increase in passenger numbers. The true rate of crimes against the person occurring on public transport is more effectively assessed through reference to the number of persons using public transport, rather than as a rate against the general population.

Between 2008-09 and 2009-10 the number of passengers on public transport (measured as passenger boardings) increased to 497 million. This reflected an increase of 1.5% in overall passenger boardings. During this period crimes against the person on public transport increased 1.3%, which is below the increase in patronage figures.

³ Victoria Police, *Crime Statistics 2010/2011*, August 2011, p.19

⁴ Victoria Police, *Crime Statistics 2009/2010*, September 2010, p.14

⁵ Victoria Police, *Crime Statistics 2010/2011*, August 2011, p.16

For the 2010-11 period, passenger boarding's were 517.7 million, an overall increase of 4.1%*. During this period the overall total of crimes against the person on public transport increased by 1%, which is noticeably below the increase in patronage figures, and less than the overall increase across the state of 4% per 100,000 population.

Note: Passenger data provided by Market Analysis Unit, Business Intelligence and Marketing, Department of Transport, as published in Public Transport Division Report Victorian Official Patronage Series.

The actual number of offences (in 2010-11) for each of the categories aggregated as crime against the person on public transport are:

- Homicide decreased by 100% which equates to 1 offence
- Rape increased by 37.9% which equates to an increase of 4 offences
- Sex (non-rape) increased by 3.3% which equates to an increase of 3 offences
- Robberies increased by 10.5% which equates to an increase of 38 offences,
- Assaults decreased by 1.8% which equals a decrease of 23 offences.
- Abduction/kidnap decreased by 8.1% which equals a decrease of 1 offence

The overall increase in offences against the person on public transport of 1% equates to an overall increase of 19 offences for the 2010-11 period. Using the number of passenger boardings to identify trends in crimes against the person, and comparing the rates for the period 2009-10 against 2010-11, the results show that there has actually been a drop in the rate of offences against the person on the public transport system:

In 2009-10, there were 1,808 crimes against the person for 497,000,000 passenger boardings, which equates to 1 crime against the person for every 274,889 passenger boardings.

In 2010-11, there were 1,873 crimes against the person for 517,700,000 passenger boardings which equates to 1 crime against the person for every 276,401 passenger boardings.

* Figure used is the % change (rate per 100,000 population) rather than the % change (no. of offences).

Question 13

The Victoria Police *Annual Report 2007-08* (p.45) indicates that the *Public Transport Safety Strategy 2007-2010* commenced in November 2007. What were the targets for this strategy and what were the actual outcomes?

The Victoria Police Public Transport Strategy (VPPTSS) 2007-2010 strategic aim was to bring about safer travel and perceptions of safer travel by reducing crime and the fear of crime. The Victoria Police Transit Safety Division (TSD) with its partners and stakeholders were identified to do this through (1) crime reduction, (2) partnership building, (3) reducing anti-social behaviours, (4) increasing community perception of safety, (5) crime prevention, (6) youth and (7) media.

The Transit Nexus Project drove the development of this strategy. The project established partnerships to find new ways of improving the community's perceptions of safety, particularly through the development of relationships with key partners. The document was not intended to be a broader public document, but rather a guide to operational planning and tasking.

In contextualising the VPPTSS and ensuring the delivery of key priorities, it became evident that the organisation's broader strategy, *The Way Ahead 2008-2013*, provided a more effective, holistic and evolving governance framework to deliver specific Transit outcomes. It was however acknowledged that the VPPTSS provided a sound framework and focus for key partners around a joined up commitment in this arena.

It is on that basis that the priority actions were incorporated into the TSD annual action plans for the 2007-08 year. This approach was considered to be more consistent with whole of organisation planning priorities. The VPPTSS 2007-2010 was not continued beyond the 2007-08 year.

Question 14

Please identify any changes to staff numbers or strategies that were implemented in 2010-11 following the change of government in 2010. If applicable, how have these changes affected crime statistics?

Planning for the delivery of both outputs (services) and outcomes is undertaken on an annual basis. In the second half of 2010-11, preliminary work was undertaken to accelerate the recruitment and training of the 1700 additional police officers. In addition, preliminary work for the recruitment, training and deployment of the 940 Protective Service Officers to work on railway stations (a government election commitment) was also undertaken in the second half of 2010-11. Neither strategy had an impact on the crime statistics for that period, as the strategies were subject to approval as part of the 2011-12 State Budget process.

Question 15

Victoria Police's *Annual Report 2010-11* (p.70) indicates that there were 79 consultancies in 2010-11 costing between \$2,000 and \$100,000. Please outline what sort of matters these consultancies were working on.

Consultants were used for a wide range of projects and purposes, including: IT technical and related roles; internal audit services; specialist business services and advice; business process reviews; and functional and technical requirement advice.

As noted in the response to the Part 1 questionnaire, Victoria Police is unable to extract an itemised list of consultants who were paid less than \$100,000 from its Oracle financial system, so a more detailed response is not able to be provided.

Question 16

Please outline any processes that Victoria Police has to capture issues brought to light during operations that have the potential to improve service provision in future operations. How are standard operating procedures updated and improvements implemented once such issues are raised?

Victoria Police uses a Tasking and Coordination model on a state-wide basis. The model operates at State, Regional, Divisional and Police Service Areas (PSA) levels. This model sees resources tasked based on evidence and intelligence holdings and ensures that future operations/service delivery initiatives are designed to incorporate the lessons learnt from previous operations. Tasks are prioritised and once an operation has been conducted a post operation report is submitted. Learnings from the post operation report are built into future operations.

In addition, the performance of all operational areas is subject to regular rigorous review through the Compstat forum process, which allows for the identification and sharing of identified best practice solutions to operational and corporate issues. (Compstat reviews the performance of work units across a comprehensive range of indicators, including crime and traffic statistics, service demand, staffing data and financial performance.)

CONTACT DETAILS

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The completed questionnaire must be returned by no later than COB, Tuesday, 13 December 2011.

Please return the response (including an electronic version) of the questionnaire to:

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For inquiries on this questionnaire, please contact the Executive Officer or:

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