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Ms Marian Chapman
Deputy Secretary, Courts, Civil and Criminal Law
Department of Justice and Community Safety
Level 26, 121 Exhibition Street
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3 October 2025

Dear Ms Chapman,

REGULATORY IMPACT STATEMENT FOR THE INFRINGEMENTS REGULATIONS 2026 AND FINES REFORM REGULATIONS 2026

I would like to thank your staff at the Department of Justice and Community Safety (the Department) for working with the team at Better Regulation Victoria to prepare a Regulatory Impact Statement (RIS) for the Infringements Regulations 2026 and Fines Reform Regulations 2026 (the proposed Regulations).

As you know, the Commissioner for Better Regulation provides independent advice on the adequacy of the analysis provided in all RISs in Victoria according to the Victorian Guide to Regulation. A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about any assumptions made and is proportionate to the proposal's expected effects. A RIS also needs to be written clearly so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received by us on 2 October 2025 meets the adequacy requirements of the *Subordinate Legislation Act 1994*.

Background, problems and objectives

The *Infringements Act 2006* (Infringements Act) and *Fines Reform Act 2014* (Fines Reform Act) (the Acts) govern the issuing, management and enforcement of infringement notices in Victoria. The Infringements Act allows for the issuing and management of infringement notices by enforcement agencies and the referral of infringements to the Magistrates' Court of Victoria (MCV). The Fines Reform Act establishes the position of Director, Fines Victoria for the collection, management and enforcement of infringement and court fines.

It also allows for the issuing of enforcement warrants by the MCV and their execution by the Sheriff of Victoria.

The Infringements Regulations 2016 and the Fines Reform Regulations 2017 set various fees to cost recover activities related to the enforcement of infringement and court fines from fine recipients, for example, collecting speeding fines issued to motorists. These include the costs of preparing and delivering successive notices, the cost of providing administrative options for fine recipients to deal with their fine, and the actions taken to enforce the fine. These notices include (in order of succession):

- penalty reminder notices (PRNs),
- notices of final demand (NFDs),
- seven-day notices (served upon the issue of an enforcement warrant, authorising Sheriff's officers to seize personal property or to arrest the person).

Methods of dealing with fines include:

- paying the fine,
- electing to have the offence heard in court,
- requesting a payment plan,
- requesting a review of the decision to issue the infringement,
- applying for a work and development permit or to the family violence scheme, or
- nominating another person as the offender (as in the case of driving-related offences).

The Regulations also include a small amount of procedural and machinery provisions to operationalise the Acts.

Fees are required to be set under these Regulations, otherwise the cost of enforcing infringement and court fines would fall on the Victorian public. The Department notes that this would be in tension with the requirements of the Victorian Government's Pricing Principles, in particular that "the cost of service provision should be borne by… those whose actions give rise to the need for government expenditure". The current fees recover 77 per cent of these costs, with a shortfall of $38 million per year.

In the RIS, the Department explains that its objectives for setting fees involve ensuring that:

- costs that arise because of a fine recipient's failure to pay or otherwise expiate a fine on time are recovered,
- fees are fair,
- fine recipients are held accountable for offences, deterring further law breaking and minimising the costs of operating the fines system, and
- fees are simple to understand and implement.

The Regulations also contain several matters that are required to be prescribed under the Infringements Act or the Fines Reform Act, including:

- content that must be included on notices served to fine recipients, such as infringement notices, official warnings, penalty reminder notices, notices of final demand, seven-day notices and notices of the withdrawal of some such notices,
- information to be given to the Magistrates' Court of Victoria when an infringement is referred to the Court,
- statistical data enforcement agencies must report to the Attorney-General,
- the time period within which an internal review of an infringement must occur, and
- criteria for determining homelessness for the purpose of special circumstances provisions.

The Department explains that its objective for these matters is to ensure that the fines system operates effectively, efficiently and fairly.

Options identification and analysis

The Department analyses three options in the RIS:

1. Retain the current fee structure and update the fee amounts to reflect current costs,
2. Update the fee structure with a lower PRN fee, with the collection fee[1] raised to achieve cost recovery on balance,
3. Same structure as option 2, with a 50 per cent discount for concession card holders.

The Department also considered new fees for activities performed by Fines Victoria, such as processing applications under the family violence scheme or infringement reviews at the enforcement stage, as the cost of performing these activities are cross subsidised by other fee payers who do not apply for these schemes or reviews. These were not analysed as the Department considered that appropriate access to these schemes should not be limited and that it is unfair for fee payers to have to pay an upfront cost when a fine may have been incorrectly imposed.

The Department uses a multi-criteria analysis (MCA) to analyse the three options against a base case of no fees. It explains that all the criteria are weighted equally to reflect their equal importance to Government (except for the efficiency criterion, which was split in two). The MCA criteria are:

- Efficiency – cost recovery: the extent to which each option recovers the full cost of fines enforcement (15 per cent weighting),
- Efficiency – avoiding cross subsidisation: the extent to which each option causes cross-subsidisation between fee payers (10 per cent),
- Equity: the extent to which fees affect the ability to pay (25 per cent),

[1] A collection fee is issued with a notice of final demand (NFD).

- Effectiveness: the extent to which the fees support the broader policy objectives, that being that fines and resulting fees are paid or otherwise expiated, and at an earlier stage (25 per cent), and
- Simplicity/implementation: the extent to which fees are easy to understand and administer (25 per cent).

Option 2 scores highest in the MCA and is the Department's preferred option as it fully recovers costs of enforcement agencies and creates a greater incentive for earlier engagement with the fines system. Option 2 is projected by the Department to fully recover $161 million in costs per year, compared to recovering $124 million under the current fees. Option 2 also involves:

- some cross subsidies between those who pay at the PRN and enforcement stages, as the fees are structured so that the PRN fee is significantly lower than the collection fee, and
- slight negative equity impacts, as Option 2 assumes that taxpayers (as a broad group) are better able to pay for fine recovery costs than individual fine recipients.

Option 3 has a similar structure to Option 2, and has similar scores for some criteria. Option 3:

- has a slightly lower rate of cost recovery than option 2 due to its concessional fees,
- performs worse on simplicity and implementation costs due to a concession fee being introduced, but
- performs marginally better on equity due to the concessional fees (noting that fine recipients experiencing vulnerability already have other options to expiate their fines).

Option 1 has a different fee structure to Options 2 and 3 where the PRN fee is higher, and the difference between the PRN fee and collection fee is smaller. The Department explains that, as a result, Option 1:

- is not as effective, as rates of payment and other forms of expiation will be lower at the PRN stage than other options,
- will recover $173 million in costs, but costs incurred will be $184 million (higher than other options) due to payments or other expiation falling at later stages,
- performs highest on avoiding cross subsidies between fine recipients, as there is no cross-subsidisation between fine recipients at the PRN and enforcement stages,
- performs equal best on simplicity and implementation costs as it contains no concessional fees.

In addition to the fee changes, the proposed Regulations also include various amendments to information required in notices to fine recipients to make fine expiation easier, including:

- clarifying for infringement notices and PRNs that action can be taken other than paying the fine to expiate the matter,

- adding legal and financial advice referral information to PRNs, notices of final demand, seven-day notices, notices of intention to place charges over land and intention to sell land, and
- including clearer information on seven-day notices for how a fine recipient would apply for the work and development permit scheme or the family violence scheme.

The proposed Regulations also prescribe thresholds, definitions and time periods that enable the Director, Fines Victoria to enforce outstanding fines. They also set out information that a person or body corporate may be required to provide regarding their financial circumstances, at the discretion of the Director, Fines Victoria. This imposes a time cost on fine recipients to provide this information, estimated to be about $32 per recipient on average.

Implementation and evaluation

The Department explains that since the proposed Regulations largely remake the current regulations, implementation will rely on existing systems used by Fines Victoria and enforcement agencies. Enforcement agencies will update various notices they provide to fine recipients with the commencement of the proposed Infringements Regulations from 6 June 2026. The fee amounts and requirements for enforcement agencies' reporting to the Attorney-General will be updated on 1 July 2026.

The proposed Regulations will sunset in 2036. The Department notes in the RIS that it is considering undertaking a review of the Regulations by the end of 2031 to assess whether fees are matched to costs and whether fees have led to changes in payment and other expiation rates. The Department also notes that Fines Victoria will continue to collect data and consult with enforcement agencies and other peak bodies to improve the fines system.

Should you wish to discuss any issues raised in this letter, please do not hesitate to contact my office on (03) 7005 9772.

Yours sincerely

Katrina McKenzie

Commissioner for Better Regulation