MANAGING POLICE BUDGETS IN AUSTRALIA

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Australian Institute of Criminology 1988

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ACKNOWLEDGMENTS

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Chapter 1
BACKGROUND TO THE STUDY AND REPORT

INTRODUCTORY REMARKS

This report presents general findings and conclusions from recent research into the fiscal management practices of Australian police. The research, jointly supported by the Australian-American Educational Foundation and the Australian Institute of Criminology, was conducted in Australia during March and April of 1987. The project included visits to the state police forces of New South Wales, Queensland, South Australia, Tasmania, Victoria, and Western Australia.

Budgeting and fiscal management are matters of increasing interest and importance to Australian police managers, and are increasingly important responsibilities of a wide array of managers at all levels in most police forces. It is the case, however, that not much has been written, or possibly even known, about the fiscal management of Australian police forces. Thus, the research reported here was exploratory, and this report reflects the project's goal of acquiring an understanding of practices rather than attempting a test of theories or hypotheses about fiscal management in police organizations. Nonetheless, it is hoped that the findings, besides providing an overview of Australian police fiscal practices at a critical juncture, will offer a basis for and stimulate interest in conducting more advanced research in the future.

Several objectives shape the content of this report. One objective is to describe the central features of contemporary practice and development in the fiscal management of Australian police agencies. This is done with occasional comparisons with fiscal practices of American law enforcement, and with contemporary developments more generally in public-sector budgeting. A second objective, more evaluative, is to assess interest in and to identify capacity and options for further developments in police fiscal management in Australia. A third objective is to identify impediments to development and to suggest options, if there seems to be any, for overcoming them.

The research was initially designed to uncover information on standard fiscal management processes (e.g., budget planning, monitoring and controlling costs, and accounting for expenditures). However, the actual research, once begun, as well as the organization of the report is shaped more by a consideration of issues that emerged during the site visits and as a result of interviews with Australian police managers and civilian administrators. These issues in-

clude present attempts to introduce program budgeting, decentralized financial management, and enhanced training of police command personnel in financial management.

The report does not offer an evaluation of the fiscal management practices of individual state police forces. The length of stay at each site (usually two or three days) did not permit the kind of in-depth information collection and analysis and the many more interviews with police and government officials that would be necessary for that. Insofar as present practice is critiqued (both strengths and weaknesses identified as such), the critique is couched in general rather than in state-specific terms. Projects and practices of individual state forces are identified only when they are exemplary of a point or position being generally discussed.

Furthermore, the exploratory design of the project produced largely anecdotal data which, although useful for descriptive purposes, is not sufficient for the purpose of systematic evaluation. When anecdotal information is presented, subjects and forces are generally not identified for two reasons. First, except where respondents gave their permission to mention their departments specifically, confidentiality was promised. Second, in many cases the anecdotes represent personal evaluations of events or conditions and were not subject to full independent corroboration.

ORIGINS OF THE PROJECT

Initial thinking and interest about a research project in Australia was shaped by several obvious similarities between the two countries and by one important difference in the financing of law enforcement. While police forces in Australia are largely state-funded and state-controlled, in the United States local funding and local autonomy are the norm.

A negative consequence generally assumed of the American local-funding system is fragmented and often wasteful allocation of law-enforcement resources. Estimates vary greatly, but a not unreasonable one is that the United States has roughly 17,500 police forces, with the top 1% of them by size employing about 50% of all police officers. And, there are many one- and two-man independent police agencies in the United States, which may be a shocking revelation (perhaps an unbelievable one) to many observers outside the United States. Nearly 100% of the revenues of most of these agencies come from local government coffers (city and county) under a budget-approval process wholly controlled by these local entities.

The conventional wisdom among many experts of law-enforcement organization and management is that the American public would be far better served by a consolidation of police forces, if for no other reason than the fiscal economies that ought to result from attendant economies of scale. By application of the same logic, the higher degree of centralization in Australian polic-

ing ought to carry greater opportunity for coordinated management of fiscal resources. Centralization, however, also carries the risk that local needs and problems may not be fully recognized in a budget-planning process that is under the authority of larger political entities. The opportunity to examine propositions like these is what first made a research project into Australian police fiscal management appealing.

In both Australia and the United States, cost containment and efficient management of resources has acquired an urgency because of greatly increased fiscal constraint. The dictate to "do the same or more with less" takes on added meaning because inflation and some new technologies have produced higher costs, while tight revenues make it harder and harder to meet these higher costs, including those of existing programs.

The erosion of police purchasing power and vastly increased workloads have had numerous consequences in both countries not the least of which is the forgoing of services that citizens could reasonably have expected in times past. As one Australian police commander told, "If you live within the boundaries of my division and have golf clubs stolen from your garage, you will be asked to come in and file a report for which we may or may not have the manpower to conduct an investigation--which in any case will be limited. This is in contrast to 15 or even 10 years ago when a similar incident would have brought police and investigators to the scene almost immediately. A full report would have been taken, the crime scene sifted for evidence, neighbors interviewed, and investigators assigned for follow-up work. Not today--it is a matter of priorities in the face of insufficient manpower to deal effectively with the increase in violent crime." Another example, used in fact by an interviewee to point out disparities in service levels from state to state, concerned the amount of time taken by officers to investigate traffic accidents. With some pride, he noted that his department spent on average about an hour and twenty minutes while in another state the average was about a half hour, "because they have decided to just 'book' the less serious accidents for insurance purposes."

In the United States, one consequence of the double stress imposed by increased workload and decreased purchasing power has been substantial interest among local officials (no doubt prompted in large measure by the heavy use of local funding) in more sophisticated budget planning and resource-allocation models. These interests have been supported by a proliferation of budget-planning approaches and techniques in the United States over the last two decades (e.g., program budgeting, zero-base budgeting, target-base budgeting, envelop budgeting), all of which focus attention on the consequences of budget-allocation and financial-management decisions. One problem faced by many smaller American police departments with these more sophisticated tools, however, is that they require expertise, data, and support staff not readily available to them.

Over the last five years Australian police forces have become increasingly interested in some of the alternative budget-planning approaches (especially program-budgeting options). It is a proposition of some interest as to whether the larger police forces of Australia serve as better and more supportive environments for the introduction of program budgeting than has been the case in the United States.

PROJECT DESIGN

From these rather global interests, detailed planning for a research project began in earnest during March of 1985 and included much support, assistance, and advice from David Biles, Deputy Director of the Australian Institute of Criminology, as well as support from Professor Richard Harding, then Director of the Institute. Initial discussions included consideration of broadening the research brief to include other criminal justice agencies such as departments of corrections, probation and courts. Alternatively, more restricted options, such as limiting the research to law enforcement in two Australian states, were also considered. In the end, funding limitations precluded on-site data collection for longer than six weeks and restricted the scope of the project to police forces. It was also decided in the interest of balance and fairness to invite the police forces of all states to participate in the project.

The research proposal presented to the Australian-American Educational Foundation for funding focused the project overall on how Australian police forces acquire and manage financial resources and how they anticipate and control costs. The project offered both education/training and research objectives, seeking knowledge not only about existing practice, but also uncovering means by which fiscal planning, resource acquisition, and financial management might be improved to benefit law enforcement in both countries. Indeed, facilitating two-way information exchange was very much part of the project intent.

The project as finally undertaken had three principal components: (1) research into existing police fiscal-management and decision-making practices; (2) a workshop seminar attended by key police fiscal administrators, assembled both to discuss key fiscal-management problems and to hear alternative budget-planning methods; and (3) a report that would summarize findings on existing fiscal-planning practices and on what law-enforcement officials and others view as major problem areas, needs, and solutions.

The research component would develop an understanding of the several factors that shape the allocation of resources to and within law enforcement in Australia. A related objective included identifying the principal alternative techniques employed by police forces in Australia to manage their fiscal resources. Five specific questions initially guided the research and the on-site interviews.

- First, how do police forces and fiscal authorities in the various states go about estimating and reviewing law-enforcement budget needs?

- Second, to what extent are fiscal data collected, stored, and used so as to permit helpful analysis of both costs and benefits of law-enforcement programs?

- Third, what is the nature and content of annual fiscal review, analysis, and planning; who are the key players, and what are the key criteria in the process?

- Fourth, to what extent are resource-allocation decisions guided by operational law-enforcement objectives (especially street-level operational objectives)?

- Fifth, what do law-enforcement managers see as the major strengths and weaknesses of present procedures, and what changes in procedures would they like to see made?

With regard to plans for a workshop, fiscal planners and administrators from each participating state force would be invited to attend a two-day program sponsored by the Institute of Criminology: (1) to identify and discuss common budget problems and issues (both current and impending); (2) to exchange information about new fiscal-management techniques and possible solutions to budget problems; (3) to consider emerging trends in law-enforcement budgets and costs; (4) to hear and to comment on the preliminary findings from the site visits; and (5) to receive and to review a fiscal-management resource handbook prepared for workshop participants. Both as a prelude to the on-site research and to provide a fiscal-management resource guide for workshop participants, a thorough review of the police and public-sector fiscal-management literature was conducted. The most pertinent of that literature was summarized and put into a resource guide of nearly 300 pages (subsequently distributed to participants during the workshop).

The workshop would be a give-and-take with the active participation of those attending. Though the agenda was not cast in stone, three outcomes were hoped for: First, that wide-ranging discussions and viewpoint exchange would take place about current budget levels and fiscal management practices among the forces. Second, that with materials provided on several alternative budget-planning and resource-management techniques, implications would be traced as participants considered the application and use of these techniques in their situations. Third, that participants would consider whether on-going and regular exchange of fiscal-management information and technology should be instituted.

A report of research findings and conclusions would be prepared by the principal investigator, and published by the Institute as a capstone to the project. The report would provide an overview of existing fiscal-management practice, an assessment of those practices, and an analysis of key issues and problems identified by the research and during the workshop. The report would also trace major implications of the findings for training and other assistance needed by police forces.

DATA COLLECTION

Given the anticipated two- or three-day stay at each site and other activities and discussions scheduled at each, in-depth interviews could realistically be scheduled with only three to four key prople on the central administrative staffs of police forces (persons with key policy-making and analytical duties in fiscal management). Additionally, it was hoped that interviews could be arranged with one or two command personnel in operational divisions or sub-units, to gain their perspective on budget issues. Finally, the original plan called for one or two key staff people in each of the state governments to be interviewed, to yield an understanding of the criteria considered by governments as they process police requests for money. As the site-visit schedules developed, however, interviews with state government officials were possible in only two of the states visited.

The interviews schedule would have both structured and unstructured components. The structured portions included consideration of the following conceptually defined topics:

1. **TECHNICAL PROCESS:** What is the analytical process (both substance and procedures) that police forces go through when identifying budget needs and preparing budget requests? What types of forms and procedures are used by state governments for budget submission? What supporting documentation is required? What are the information foci of the forms and documents?

2. **POLITICAL PROCESS:** What factors, issues, and types of events influence allocation decisions: Both allocations to law enforcement by governments and allocations within law-enforcement budgets by police forces? Who are the important and powerful individuals involved in the allocation process and how is their influence exerted?

3. **HISTORICAL BEHAVIORS:** What has been the recent history (perhaps of the last five years) of law-enforcement appropriation levels, paying particular attention to instances of increases and decreases and to program additions and eliminations? What events, factors, and issues are seen as being particularly important in shaping these budget events?

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4. **CONTEMPORARY ISSUES:** What are the estimates of the adequacy of current appropriations and internal allocations? What is the assessment of strengths and weaknesses of current budget-planning and resource-management processes?

Before the interviews and site visits, each participating force was sent a brief pre-visit survey that requested several pieces of background information. Included were questions about sworn and non-sworn strengths and approved operating budgets for the fiscal years 1982/83 through 1985/86. Respondents were also asked to comment on the adequacy of current funding, how far program budgeting in any form had been adopted in the agency, and difficulties experienced in planning various costs and expenditures.

Final sections of the survey requested that individuals with various budget-planning and fiscal-management responsibilities be identified by name and also that estimates be made of how far line operational and field managers were involved in budget-planning and fiscal-management roles. The objective here was to get an idea of who might be interviewed on each force.

Over the roughly four-week period (four days each week) set aside for site visits and interviews, nearly 40 people in the six participating forces were interviewed; discussions lasted from an hour to several hours (depending on the respondent's position and fiscal responsibilities) and were usually done one-to-one, although in several sites these interviews were supplemented with group discussions involving those with principal budgeting and fiscal management responsibilities. Interviews were not recorded; notes were taken during discussions, and at the end of each day detailed comments about topics and issues raised during the day's sessions were dictated. At the end of the visit to each force (varying in length from two to three days) a twenty- to thirty-page summary of preliminary findings was distilled from the interview notes.

CONTENTS OF THE BOOK

This report summarizes a portion of the information obtained during the research and seeks to provide an overview of the most central aspects of current developments in Australian police fiscal management. It is constructed principally out of information gleaned from the pre-visit survey, from the interviews, and from supplementary and supporting documentation provided by those interviewed. The documentation included written descriptions of budget-planning and fiscal-management procedures, annual financial reports, methods of cost calculation employed in the department, and related information on data and record-keeping systems. Much highly detailed and sometimes technical information was obtained during the research but is not included in this report because of its length and also because it would cause the report to depart from its limited objective of providing an overview of current developments.

Chapters 1 and 2 provide background information, Chapter 1 an introduction to the study with particular reference to its origins and design. Chapter 2 begins with a short description of the organization, size and shape of Australian police forces, mainly for the purpose of providing an introduction for those not familiar with Australian policing. The remainder of the chapter is an examination of the principal environmental demands and supports that affect police budgets. Those discussed include trends in fiscal allocations to Australian police, manpower levels, and crime and workload trends.

Among the principal findings reported in greater detail in Chapter 2 is evidence of favorable budget treatment of Australian police forces over the last several years. However, the appearance of favorable treatment is diminished when increased workloads are taken into account. And indications are for far tighter reviews of police budget requests and more restricted growth in police expenditures than has been the case.

Chapter 3 provides an overview of principal developments, progress to date, and shortcomings in the relatively recent movement of some Australian police forces to adopt program budgeting. The review of Australian police program budgeting is considered in light of the theoretical ideal behind program budgeting. Mixed results are reported, some being clear improvements in the management of resources and some being a continuation of past shortcomings. Both the improvements and shortcomings are detailed; impediments to further development are also identified. As pointed out, however, some of the impediments are endemic to program budgeting itself and will constrain further development under even the most favorable circumstances.

The research uncovered several emergent developments in Australian police fiscal management, all of which hold promise of greatly improving budget planning and resource management, and all of which are still themselves in the developmental stage. Chapter 4 focuses on the most widespread and potentially most important of these: the adoption of decentralized financial management schemes of varying types. The chapter compares traditional and decentralized financial management models and outlines assumptions about and evidence of benefit associated with decentralization. A distinction is drawn between what usually is or can be decentralized in police organizations and what usually is not. Finally, the prerequisites of effective decentralization are discussed and an assessment made of how far these are present in Australian police forces.

Chapter 5 takes a brief look at several other developments all of which are allied to continuing developments and necessary if program budgeting and devolution in financial management are to progress. These other developments include cost and expenditure monitoring systems, staff support for fiscal management, fiscal-management training, workload monitoring and analysis, computerized financial information systems, and performance monitoring. Each of these areas in Australian police forces may be described as at the very

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beginning stages of interest and activity. Thus, the material in Chapter 5 is both descriptive of current development and prescriptive about necessary further advancement. Finally, there is a discussion of opportunities, options, and prerequisites of further development in fiscal management. The discussion centers on the need to give greater attention to developing performance measures, adopting a decision-package approach to reviewing and justifying expenditures, making programmatic rather than across-the-board allocation decisions, adopting full-cost expenditure-analysis models, and improving financial information systems.

CHAPTER 2
AUSTRALIAN POLICE ORGANIZATION, BUDGETS, AND WORKLOADS

For American visitors, presumably familiar with open spaces, it is a revelation that Australia, although nearly the size of the continental United States, has a population of less than 7% of the American total. Sixty percent of the country's people live in two of six very large states. It is also an urban population, with over 40% residing in and around the two largest state capitals and another 20% in and around the remaining four state capitals. Aside from these relatively densely populated centers, the visitor finds much of the country's landscape very sparsely populated.

Another revelation for some visitors is that there are only eight, very large general-service police forces in Australia, one centralized force in each state and territory. In turn, Australians are no doubt dismayed to learn that as many as 17,500 independent general duty police forces service roughly the same area in the United States. In Australia there is on average one independent police force per 2,000,000 people while in the United States there is on average about one independent force per 1,400 people. Australian police forces are, by American standards, large. Tasmania, the smallest of Australia's state police forces, with about 1,000 sworn officers is larger than all but about thirty of the largest American forces. Western Australia, the second smallest force, would be among the ten largest in America. In both Australia and the United States, however, questions about optimal size are of increasing interest, albeit in opposite directions. As discussed more fully in Chapter 4, for example, recent moves to regionalize and decentralize command and administration of the 13,000-officer New South Wales police force appear to reflect dissatisfaction with and possible diseconomies associated with highly centralized management of a very large force. The general movement toward decentralized fiscal management now underway in nearly all of the Australian forces reflects some of the administrative problems associated with largeness.

In the United States, on the other hand, the consolidation of police forces is very much part of contemporary reform thinking. The conventional wisdom propounded by advocates of consolidation in the United States is that both efficiency and effectiveness in the provision of police services will be enhanced by a radical decrease in the number of independent forces and a resultant increase in the size of those remaining. More recently, the appeal of consolidation has been enhanced in the United States by the fiscal constraints of local government; small communities find it harder and harder independently to meet both the fixed and variable costs of modern policing. One recent solution adopted by many American communities is to disband the city police

department and contract with the county Sheriff for police services (and thereby maintain a modicum of local control, albeit indirectly through contract provisions).

The large Australian police force offers attractions to American proponents of consolidation, although it is doubtful that many in the United States would subscribe to a level of consolidation that centralizes general police services in state-wide agencies. There are strong fears, historically and ideologically based, about loss of local control, and uneasiness that size beyond a certain point will yield severe diseconomies. The question is whether Australian policing is instructive about advantages accrued from size in areas such as coordination of services, economies of scale, and efficiency in resource allocation.

Although the research project was not designed to answer directly whether large police forces have advantages over small ones in fiscal management, some anecdotal information emerged during the interviews that suggests that there are both advantages and disadvantages to largeness and a limitation to what largeness may be able to address. This information has implications not only for American efforts to consolidate but also for recently emergent fiscal-management trends in Australian police agencies. The reader is cautioned, however, that the observations below are tentative, not having been derived from a systematic study of the issues involved.

IMPACTS OF FORCE SIZE AND SERVICE AREA

An American police force, in contrast to one in Australia, typically serves a relatively homogeneous area (generally either a predominantly urban, suburban, or rural one), and with a few exceptions the service area is confined by not too expansive city or county boundaries. The service areas of the American state police forces--one state police force in each state--are the exception. However, not all state police forces provide a full range of police services, and with only a few exceptions they are not the dominant providers of police service in their state.

By comparison, the eight Australian police forces each serve areas geographically much larger, more various in population density, and more diverse in the kinds of services demanded by a heterogeneous and dispersed clientele. Tasmania has the smallest state force, and services about 68,000 square kilometers. New South Wales, the most populous state, has 801,401 square kilometers, with about 63% of its population based in the metropolitan area of Sydney alone. In Western Australia, the metropolitan area of Perth contains about 70% of the state's nearly 1.5 million people; the remaining are scattered throughout the state's 2.5 million square kilometers.

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Some Australian police forces deliberately maintain a mix of population densities and clientele in force districts and regions by the way they draw service-area boundaries. Under New South Wales's recent reorganization plan, for example, administrative boundaries have been drawn in such a manner that regional commands include the full range of population densities from highly urbanized to sparsely populated areas. Not surprisingly, the mix of crime, the environment for policing, and the relations of the police and the community vary greatly from the cities to the country. Many of these differences have very practical street-level policing implications. For example, timely backup is far more likely in the cities than in the bush except with deliberate planning and costly manpower commitments.

There are other resource-management implications as well. For example, disparities in travel time between answering urban and rural service calls must be taken into account when conducting workload analyses aimed at determining manpower requirements and position allocations. Yet, analyses conducted by centralized bureaus in very large agencies that provide for some acceptable allocation of limited human resources across both densely and sparsely populated regions are problematic because the remoteness of many divisions and stations from the administrative center (1,000 to 1,500 kilometers in some Australian states) makes it difficult to acquire a feel for manpower needs. (These issues are addressed further in Chapter 5 and in Exhibits 5-5 and 5-6).
In some of the Australian forces manpower allocations are based on formula funding: workloads are calculated and weighted and manpower assigned according to a quantitatively defined ratio of work to personnel positions. Yet as several of the forces recognize, manpower requirements have qualitative dimensions not easily recognized by quantitative formulae. To their credit, these agencies supplement quantitative data with qualitative understandings acquired through expensive field visits and conversations with command and line officers. Nonetheless, and even under the best of circumstances, centralized analyses of manpower requirements for qualitatively different urban and rural environments must leave analysts and decision makers alike feeling as though apples and oranges are being compared from afar. Most American police forces, the subunits of which are geographically neither as diverse nor as far flung, do not face such problems as much.

RESOURCE ALLOCATION

Even though greater size breeds greater complexity, many administrative and fiscal benefits might be assumed of large police forces such as those in Australia. Among these are greater flexibility and coordination in moving human and other resources about the organization, either temporarily or permanently. The permanent movement of resources among small independent forces as in the United States is nearly impossible. Even temporary shifts can be problematic. For example, although there are cooperative and mutual sup-

port arrangements among American police forces, questions about cost allocation and shared command among independent forces hinders the movement and sharing of resources.

Permanent manpower increases or decreases among small independent forces usually evolve over long periods, with each force individually negotiating with independent political authorities. It is obvious that manpower reallocations are not coordinated across forces in a fragmented police system such as the American one. Within large centralized agencies the shifting of manpower among agency subunits is also typically incremental, but we might expect it to be better planned and coordinated because of there being a single administrative and political authority.

Theory aside, it is plain that in Australia manpower can be relatively quickly shifted temporarily. However, it is unclear whether Australian forces are as free to move resources as the proponents of large-scale police forces would suggest ought to be the case. For example, as revealed during interviews with Australian police officials, each state force has situations in which for both cost efficiency and policing effectiveness it would be sensible to close certain police stations, or to reduce their manpower complements drastically. Yet, local public opinion, and that translated into political clout registered through legislative bodies, has precluded several closings and cutting back the numbers in each of the forces. During interviews one budget analyst, pointing to a map of his state and to one of its more rural areas, identified three one-man police stations relatively close to one another. A consolidation of these stations, he indicated, would not only reduce costs but would lead to around-the-clock police services for the entire area, something not now available. Fearing a more distant police service, however, local public opinion has produced staunch, and thus far successful, opposition to the consolidation proposal.

So, too, largeness will not eliminate the special problems of policing in remote areas. Although centralized agencies can better provide backup to remote police stations when the need can be anticipated, backup may at best be only marginally improved in emergency situations. Other problems also are likely to remain, as documented by one recent review conducted by an Australian force of its rural policing operations:

> The most significant points raised in [the] police station survey
> were as follows: exceptionally poor communications in local police
> districts and between stations; a lack of traffic policing resources
> and expertise in the country divisions; breathanalysis members are
> working exceptionally long overtime/recall hours and they are
> providing a very poor service in many districts where a B.A.
> operator is stationed some distance away from most stations; an
> imbalance of workload as to police resources in some police dis-
> tricts; Divisional officers appear to be constrained by office duties
> and are not getting into the field as often as they should; stressful

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situations are occurring in 18% stations [sic] because of various problems, including excessive overtime, isolation of the station, individuals not being able to cope with the job, and lack of radio communications; the law enforcement expertise of many members and supervisors is not up to the standard of present day requirements.

ECONOMY OF SCALE AND EFFICIENCY

If efficiency cannot always be improved through consolidation, for reasons discussed above, it is at least more likely in larger forces where centralized and unitary chains of command can effect economies of scale throughout the force. There are numerous commonsense examples: the inefficiencies of several small departments, each maintaining photographic processing laboratories instead of one such laboratory shared by all within a large department; or the economics of centralized and quantity purchasing of equipment and supplies. Likewise, large departments are usually better able to absorb the high fixed costs and make better use of specialized police units. Conversely, smaller departments are either unable to afford certain central or specialized services, or must withstand the cost because the service is essential. In either case, the smaller department's unit costs will compare unfavorably to those of larger departments (a point expressed by Tasmania when negotiating with the Grants Commission).

Equally a matter of common sense, however, is that size and administrative centralization beyond a certain point will yield inefficiencies. Hard data to support such a view are not readily available. However, one study (Popp and Sebold, 1972) suggests that there are decreasing returns to scale of providing services to communities above a certain size. And there can be little doubt that one by-product of large and complex highly centralized bureaucracies is that huge sums can be expended on internal coordination and monitoring activities.

The Australian police experience and recent developments in some forces underscore another limitation to the efficiencies usually to be realized through centralization and economies of scale. The larger the geographic area served by a single police organization, the greater the inefficiencies created by centralized control across these distances. Efficiencies, for example, achieved through central ordering, purchasing, and disbursement of supplies are offset by inefficiencies associated with time lost and distances involved in moving supplies from a central warehouse to distant or remote field units. Recognizing both tangible and intangible costs of highly centralized supply acquisition, for example, South Australia has moved to decentralize some purchasing. For supplies in large quantities or with high unit costs, central purchasing and disbursement continues. But purchasing by local stations is permitted otherwise. Such an arrangement recognizes that economies of scale can be preserved

when coupled to decentralization of control. As discussed more fully in Chapter 4, there are several additional examples of cost savings achieved through the decentralization of responsibility for financial management.

SIZE AND SCOPE OF SUPPORT STAFF

One administrative cost more easily funded by large police forces is that of staff support for administrative analyses and policy development. In most small American forces, analytical and policy-development functions, if carried out at all, are carried out by generalists, either by a civilian or two who do everything, or more usually by sworn personnel who attempt to do these jobs in addition to their line duties. Australian police forces are quite different, each maintaining professional full-time staffs to support analysis and policy-development activities, including those of budgeting and fiscal management. As discussed more fully in Chapter 5, the availability of staff in larger numbers with dedicated fiscal management responsibilities in Australian forces is a relatively recent phenomenon probably caused by increased pressure from governments to improve financial management and accountability. Further growth in these staffs should be expected in those forces that aggressively adopt decentralized financial management. Regardless, the size and scope of staff to support administrative decision making in all the Australian forces is already far beyond what is available in the average American law-enforcement agency, because unlike their Australian counterparts, most American agencies cannot afford the high fixed costs of staff support without detriment to their financial condition.

POLICE BUDGETS IN ACTUAL DOLLARS

One relatively tangible criterion for comparing agency fiscal track records is to examine their recent budget histories. Between fiscal years 1977/78 and 1986/87, total operating budgets of Australian police forces grew 176% in actual dollars (Table 1). This constitutes a 22% increase per annum on average, although the highest increases were in the earlier years of this period, with the most recent increase from 1985/86 to 1986/87 being only 9%. Although these figures need to be tempered by their conversion to constant dollars and then further placed in context by examining growth in workload, there is the appearance that Australian police forces have, on average, received quite favorable budget treatment during the period. During the same period and in comparable aggregate dollar terms, increases in American police expenditures grew at about half the Australian rate (Table 1).

BUDGETS IN CONSTANT DOLLARS

Converted to constant dollars based on a Consumer Price Index anchored in 1980 (see Table 2), there was both real and substantial growth in Australian police budgets from 1978 to 1987, with total growth over the period at about 42% in constant dollars. Such a level of sustained growth is, by usual stan-

dards, large for an already mature police system. By comparison, growth in real terms in the American police budget has been minimal, having totaled less than 7% in constant dollars over the same period. And between 1973 and 1987 American police budgets increased only 22%, compared to about a 100% increase for Australian police budgets in constant dollars.

However, there were more sizable increases in American police budgets during the decade of the sixties and the first half of the seventies. For example American per capita spending for police by states and localities in constant dollars increased 34% during the decade of the sixties and by about 23% between 1970 and 1975. Relative stagnation set in midway through the 1970s. Will Australian police agency budgets follow the American trend and enter a period of arrested growth following the period of large-scale growth? There are indications of this already being the case.

In the seven years from from 1974 to 1980, Australian police budgets increased 51% in constant dollars; however, in the seven years from 1981 to 1987 the total increase was only 20% in constant dollars. Thus, growth has already slipped to less than one-half its former rate. American police budgets increased about 9% in the first seven-year period and about 12% in the second seven-year period. However, it can be argued that the latter American increases were the result of a more favorable economic climate following the severe recession of the late seventies and early eighties.

PROSPECTS FOR FUTURE GROWTH

In the normal cycle of economic events it is not possible to sustain large-scale growth indefinitely. Recently, and even with the availability of revenues in ·Australia enhanced by deficit financing, data from the several states point to decreasing growth in police budgets. For example if the size of percentage year-to-year changes in Table 3 are compared for 1977 to 1982 and for 1982 to 1987, the growth is clearly far greater in the earlier period than in the latter for all but Western Australia. In constant dollars, total percentage changes for the two periods for each state are as follows: New South Wales, 30% compared to 18%; Victoria, 16% compared to 11%; Queensland, 25% compared to 6%; Western Australia, 15% compared to 16% (to make the comparisons more accurate, the end-year Western Australia police budget was corrected (reduced) by $25 million to reflect a transfer of the traffic unit to the force from another agency during the 1980/81 fiscal year.); South Australia, 30% compared to 7%; and Tasmania, 19% compared to a 13% decrease.

However, changes in accounting procedures in some of the forces during the period make these gross comparisons somewhat problematic and in need of qualification. In Tasmania, for example, a change in government policy for the funding of certain items such as motor vehicles have contributed to the appearance of a substantial reduction in the Police Department's budget allocation in the 1982-1987 period in the amount of some $2 million. Conversely, in

South Australia the appearance of a very large budget increase in fiscal year 1980-81 reflects a change in accounting procedures to include capital-item expenditures, something not done in previous fiscal years.

It could be argued that decreased average growth in part reflects diminished ability of governments to maintain constant or even similar levels of growth for ever larger and larger budgets. Whether this is true or not, it remains that in both actual and constant dollars Australian police budgets have grown at a slower rate in the last four years than in the four preceding.

Growing concern over the Australian national debt and the announced wish by the major political parties to bring it under control will (if followed through with) yield greater budget austerity at both the federal and state levels. Indeed, dealing forcefully with the problem of the debt ought to accelerate the trend identified in the previous paragraph. However, although a generally declining trend may come to be universal throughout the country, the precise affect on police budgets will no doubt vary appreciably from state to state, as has already been the case (note variations among the states in year-to-year changes reported in Table 3). Command and administrative personnel interviewed during the project offered corroborating information, and many indicate that they have been prepared by government budget officials for further belt tightening.

BUDGETS AND WORKLOADS

Economic trend scenarios built solely on economic factors are dangerous and in this case would ignore whether police budgets are affected by workloads. For example, do increases in crime rates affect police appropriations? Research has yet to establish conclusively whether there is such a relationship, or how strong it is. That there is a relationship in the United States, some studies indicate, but general opinion is that changes in resources lag several years behind changes in workloads.

To the extent that there are relationships between workloads and budgets, Tables 4 and 5 offer one possible explanation for the difference between growths in American and Australian police budgets. The incidence in Australia of certain crimes (reported in Table 4) increased dramatically between 1977 and 1984 (111%, 91%, and 61% respectively for the three crime categories). In the United States, increases in similar categories (Table 5) were far smaller (an actual decrease of 2% in one category and a 20% and a 7% increase in the other two). Thus, growth in Australian police budgets during the last decade is matched to sizable growth in crime rates while sluggish growth in American police budgets is matched to greater stability in its crime rate. And to finish the point, the large-scale growth in American police budgets during the sixties and early seventies, referred to earlier, followed on

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the heels of substantial increases in crime, especially violent crime. The homicide rate, for example, more than doubled in the United States between 1960 and about 1975, moving from 5 to 10 per 100,000.

CHANGES IN MANPOWER

In labor-intensive fields like law enforcement, changes in the number of full-time equivalent positions may be a better indicator of enhanced organizational capacity than changes in budget dollars. Data reported in Table 6 place budget growth in context by detailing such changes in number of authorized sworn officer positions. For the 1977/78 through 1985/86 fiscal years, authorized sworn strength increased in the United States by 9% while in Australia the increase was 27% for the period. In the ten years between 1973/74 and 1983/84, the number of Australian police grew 36% and the American police grew 19%. These figures do not reflect civilianization efforts in both countries. These efforts would theoretically further increase the number of available operational officers. Nonetheless, there has been far greater growth in Australian than in American police manpower.

Although the number of sworn officers has increased considerably in Australia, the growth is illusory when considered in the light of changes in crime rates. As shown in Table 4, the increase in manpower is more than offset by increases in the three categories of crime tracked for the period. Assuming that these categories provide a representative view of changes in workload occasioned by changing crime rates in Australia, and even after making allowances for greater efficiencies possible through new technology or in some cases by economies of scale, it must be concluded that Australian police agency budgets as reflected in authorized manpower complements have ·not kept pace with workloads. One cannot draw direct correlations between these data and subsequent productivity of the force. However, it is noteworthy that, when a composite of all eight Australian jurisdictions is considered, clearance rates for property offenses have been gradually declining for the last several years (Mukherjee et al.,p.26). The stolen golf clubs vignette related in Chapter 1 is brought to mind.

In the case of American police manpower growth and changes in crime rates, Table 5 data provide a much more favorable view of American police budget performance than has heretofore been indicated. American forces, have on average suffered less deterioration in the ratio of crime to manpower than have Australian forces (compare results in Tables 4 and 5).

To examine the relationship between manpower and crime rates in greater detail for Australia, Table 7 provides a state-by-state summary of percentage changes in manpower and in the three crime categories from 1977 to 1985. The data indicate that in the three categories there is some relationship between growth in manpower and growth in crime, although, statistically, the

relationship is not strong. However, when the data are disaggregated state by state, it is confirmed that manpower growth has not kept pace with increases in crime.

POLICE SHARE OF EXPENDITURES

Finally, police budgets can be compared to total government expenditures. Also, per capita police expenditures can be viewed over time. The police share of total state and local government direct expenditures in the United States has remained fairly stable at about 4% since 1950 (Bureau of Justice Statistics, p.100). Police budgets in Australia are similarly at about 3-4% of total government direct expenditures, and are also a fairly stable proportion of total expenditures from one year to the next.

As shown in Table 8, percentage changes in total government expenditures and in police budgets from year to year are similar, and total change over several years is quite similar in the two countries. In budget growth, police in either country have done about as well as government in general--although a little better in Australia (121% police growth, compared to 117% government growth) and a little worse in the United States (66% police growth compared to 70% government growth).

Per capita expenditures in constant dollars (see Table 9) have increased in Australia from approximately $48 in 1978/79 to $62 in 1986/87. Meanwhile, constant dollar per capita expenditures have remained fairly stable in the United States.

SUMMARY

Australian police budgets have grown dramatically over the last decade, both in actual and in constant dollars. This is in stark contrast to the meager growth in American police budgets over the same period. There are disturbing signals, however, for those who may wish to see a continuation of such growth in Australian police budgets. In the last few years the average annual increase has tapered off. And in each of the states there are warnings from governments about possible budget cutbacks as well as increased pressure from each of the state governments to control and contain costs. Furthermore, if Australia follows a course similar to the one the United States has run, the period of high budget growth will be followed by a period of relative stagnation.

There is a further qualification to be given. Even though police budgets have grown substantially in Australia, these increases must be balanced against even larger increases in crime rates. Even granting increases in productivity, it is arguable that Australian police budgets, as reflected in both increased dollars and increased manpower complements, have not kept pace with workloads.

TABLE 1

AUSTRALIAN AND AMERICAN[#]
TOTAL POLICE BUDGET DOLLARS: 1978-79 TO 1986-87
(in millions of dollars rounded)

	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
Australia **Actual** **Police Dollars**	563	662	802	918	1051	1129	1245	1431	1553
Percentage Change Year to Year Based on Actual Dollars	--	18	21	14	14	7	10	15	9

Cumulative Percentage Change 1978/79 to 1986/87 = 176%

	78-79	79-80	80-81	81-82	82-83	83-84	84-85 [*]	85-86 [+]	86-87 [**]
United States **Actual Police Dollars**	11,168	11,864	13,424	14,918	16,656	17,903	18,575	19,246	20,328
Percentage Change Year to Year based on Actual Dollars	--	6	13	11	12	7	4	4	6

Cumulative Percentage Change 1978/79 to 1986/87 = 82%

Australian data are based on budgets of the six state police forces
   only. American data are based on state and local police expenditures only.
* U.S. interpolated estimate
+ Preliminary data
** U.S. extrapolated estimate

Australian police expenditure and employment data for this table and those following were obtained from project interview data and from Mukherjee et al. (1987). Expenditure and employment data for the United States for this table and those following were obtained from several annual and occasional publications of the U.S. Department of Justice, Bureau of Justice Statistics, including for example, Justice Expenditure and Employment, 1985. Supplementary data were also obtained from various annual issues of the Sourcebook of Criminal Justice Statistics.

TABLE 2
AUSTRALIAN AND AMERICAN POLICE EXPENDITURES IN CONSTANT
DOLLARS: 1973/74 to 1986/87

1980=100	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
Australian Consumer Price Index (CPI)*	46	53	61	69	77	83	91	100	110	122	134	139	148	161
CPI 1/x	2.17	1.89	1.61	1.45	1.30	1.20	1.10	1.00	.91	.82	.75	.72	.68	.62
Constant Dollars, In Millions	481	580	614	636	656	676	728	802	835	862	847	896	973	963
Percentage Change Year to Year		21	6	4	3	3	8	10	4	3	(2)	6	9	(1)
Cumulative Percentage Change		21	27	32	36	41	51	67	74	79	76	86	102	100
USA Consumer Price Index*	53	59	65	69	74	79	88	100	110	117	121	126	130	135
CPI 1/x	1.89	1.69	1.54	1.45	1.35	1.27	1.14	1.00	.91	.85	.83	.79	.77	.74
Constant Dollars, In Billions	12.3	12.4	12.8	13.6	13.6	14.1	13.5	13.4	13.6	14.2	14.8	14.7	14.8	15.1
Percentage Change Year to Year		2.1	3.1	1.0	3.0	(6.2)	(4.6)	(.4)	1.0	5.0	3.9	(.4)	.4	1.7
Cumulative Percentage Change		.2	3.9	10.7	10.7	14.6	9.3	8.9	10.0	15.5	20.0	19.6	20.1	22.1

*Figures for the consumer price indices were taken from the United Nations Statistical Yearbook (the 1983/84 issue for years 1976 through 1984, and the 1981/82 issue for earlier years).

TABLE 3
POLICE BUDGETS IN THE AUSTRALIAN STATES: 1977/78 TO 1986/87
(in millions of dollars rounded)

	77/8	78/9	79/0	8/81	81/2	82/3	83/4	84/5	85/6	86/7
New South Wales										
Actual Dollars	164*	184	226	262	301	326	355	394	461	509
Percentage Change		12	23	16	15	8	9	11	17	10
Constant Dollars	213	221	249	262	277	267	266	284	301	316
Percentage Change		4	13	5	11	(4)	(.3)	(7)	10	(.9)
Victoria										
Actual Dollars	142	159	186	203	236	289	301	338	396	425
Percentage Change		12	17	9	16	22	4	12	17	7
Constant Dollars	185	191	205	203	215	237	226	243	269	264
Percentage Change		3	7	(.9)	(6)	10	(5)	8	11	(2)
Queensland										
Actual Dollars	85	92	105	132	152	176	196	210	231	246
Percentage Change		8	14	26	15	16	11	7	10	6
Constant Dollars	110	110	115	132	138	144	147	151	157	153
Percentage Change		0	5	15	5	4	2	3	4	(3)
Western Australia										
Actual Dollars	37	42	48	81	88	103	112	126	148	160
Percentage Change		14	14	69	9	17	9	12	17	8
Constant Dollars	48	50	53	81	80	85	84	91	101	99
Percentage Change		4	6	53	(1)	6	(1)	8	11	(2)
South Australia										
Actual Dollars	57	63	71	95	106	121	129	139	154	171
Percentage Change		11	13	34	12	14	7	8	11	11
Constant Dollars	74	76	78	95	96	99	97	100	105	106
Percentage Change		3	3	22	1	3	(2)	3	5	1
Tasmania										
Actual Dollars	21	23	26	29	35	36	36	38	41	42
Percentage Change		10	13	12	21	3	0	6	8	2
Constant Dollars	27	28	29	29	32	30	27	27	28	26
Percentage Change		4	4	0	10	(6)	(10)	0	4	(7)

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TABLE 4

COMPARISONS OF CHANGES IN AUSTRALIAN
POLICE EXPENDITURES AND SELECTED CRIME
RATES 1977-78 TO 1984-85

	77 77-78	78 78-79	79 79-80	80 80-81	81 81-82	82 82-83	83 83-84	84 84-85
B & E DWELLING	77,001	83,372	95,846	110,696	122,994	147,696	162,292	162,121
Percentage Changes Year to Year	-	8.3	15.0	15.5	11.1	20.1	9.9	(0.1)

B & E Dwelling Percentage Change 77-8 to 84-5 = 111%

	77 77-78	78 78-79	79 79-80	80 80-81	81 81-82	82 82-83	83 83-84	84 84-85
ROBBERY	3,431	3,468	4,221	4,550	5,069	6,521	6,553	6,560
Percentage Changes Year to Year	-	1.1	21.7	7.8	11.4	28.6	0.4	0.1

Robbery Percentage Change 77-8 to 84-5 = 91%

	77 77-78	78 78-79	79 79-80	80 80-81	81 81-82	82 82-83	83 83-84	84 84-85
MOTOR VEHICLE THEFT	63,028	67,503	68,924	75,015	85,430	94,063	97,672	101,313
Percentage Changes Year to Year	-	7.1	2.1	8.8	13.9	10.1	3.8	3.7

Motor Vehicle Theft Percentage Change 77-8 to 84-5 = 61%

	78-79	79-80	80-81	81-82	82-83	83-84	84-85
POLICE BUDGETS Percentage Changes Year to Year in Constant Dollars	3.0	7.7	10.2	4.1	3.2	(2.3)	5.8

Dollars Percentage Change 77-8 to 84-5 = 36.6%

	78-79	79-80	80-81	81-82	82-83	83-84	84-85
MANPOWER Percentage Changes Year to Year	4.6	2.6	2.9	1.7	2.4	1.0	4.0

Manpower Percentage Change 77-8 to 84-5 = 21%

Data for this table were extracted from Mukherjee et al. (1987)

TABLE 5

COMPARISONS OF CHANGES IN AMERICAN
POLICE EXPENDITURES AND SELECTED CRIME
RATES 1977-78 TO 1984-85

	77 77-78	78 78-79	79 79-80	80 80-81	81 81-82	82 82-83	83 83-84	84 84-85
BURGLARY IN HOUSEHOLDS (THOUSANDS)	3,052	3,104	3,300	3,759	3,740	3,415	3,121	2,984
Percentage Changes Year to Year	-	1.7	6.3	13.9	(0.5)	(8.7)	(8.6)	(4.4)

Burglary Percentage Change 77-78 to 84-85 = (2.2)

ROBBERY (THOUSANDS)	405	417	467	549	574	537	500	485
Percentage Changes Year to Year	-	3.0	12.0	17.6	4.6	(6.4)	(6.9)	(3.0)

Robbery Percentage Change 77-78 to 84-85 = 19.8

MOTOR VEHICLE THEFT (THOUSANDS)	968	992	1,097	1,115	1,074	1,048	1,004	1,032
Percentage Changes Year to Year	-	2.5	10.6	1.6	(3.7)	(2.4)	(4.2)	2.8

Motor Vehicle Theft Percentage Change 77-78 to 84-85 = 6.6%

POLICE BUDGETS Percentage Changes Year to Year in Constant Dollars		3.6	(4.6)	(0.4)	1.0	5.0	3.9	(0.4)

Dollars Percentage Change 77-78 to 84-85 = 8%

MANPOWER Percentage Changes Year to Year	-	1.6	(0.4)	2.2	0.4	1.5	(0.2)	1.7

Manpower Percentage Change 77-78 to 84-85 = 7.4%

Crime data for this table were extracted from U.S. Department of Justice, Federal Bureau of Investigation, Crime in the United States, 1975, p. 49, Table 2; 1982, p.43, Table 2; 1983, p. 43, Table 2; 1984, p. 41 (Washington, D.C.: U.S. Government Printing Office).

TABLE 6

AUSTRALIAN AND AMERICAN[#]
SWORN OFFICERS: 1977-78 TO 1985-86
(In Thousands)

	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
Australia Number of Sworn Officers	25.9	27.1	27.8	28.6	29.1	29.8	30.1	31.3	32.9	33.4
Percentage Change Year-to-Tear	-	4.6	2.6	2.9	1.7	2.4	1.0	4 ..	5.1	1.5

	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
USA Number of Sworn Officers	447	454	452	462	464	471	472	480[*]	487	n.a.
Percentage Change Year-to-Year	-	1.6	(0.4)	2.2	0.4	1.5	(0.2)	1.7	1.5	-

Australia, Percentage Change of Officers: 1977-78 to 1985-86 = 27%
                                             1977-78 to 1986-87 = 29%

United States, Percentage Change of Officers: 1977-78 to 1985-86 = 9%

[#] Australian data based on full-time sworn position in the six
   state forces only. American data based on state and local full-
   time-equivalent sworn positions in state and local police forces.
+Preliminary figures
*84/85 Data estimated by interpolation using 1983/84 and
  1985/86 data

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TABLE 7

PERCENTAGE CHANGES IN SELECTED VARIABLES
FOR AUSTRALIAN STATES: 1977/78 TO 1984/85

Variable	Percentage Change		Variable	Percentage Change
New South Wales			**Victoria**	
Robbery	118		Robbery	39
Break & Enter	150		Break and Enter	111
Motor Veh Theft	81		Motor Veh Theft	51
Police Manpower	25		Police Manpower	20
Queensland			**Western Australia**	
Robbery	77		Robbery	75
Break and Enter	115		Break and Enter	108
Motor Veh Theft	56		Motor Veh Theft	25
Police Manpower	25		Police Manpower	19
South Australia			**Tasmania**	
Robbery	83		Robbery	62
Break and Enter	93 (est.)		Break and Enter	34
Motor Veh Theft	37		Motor Veh Theft	(6)
Police Manpower	14		Police Manpower	1

Data extracted from Mukherjee et al.

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TABLE 8

CHANGES IN TOTAL GOVERNMENTAL DIRECT
EXPENDITURES COMPARED TO CHANGES IN POLICE EXPENDITURES
1978-79 TO 1984-85

	75 75-76	76 76-77	77 77-78	78 78-79	79 79-80	80 80-81	81 81-82	82 82-83	83 83-84	84 84-85
Australia Total $ (Millions)	11193	13085	14747	16309	18223	21464	24627	27975	31050	35412
Percentage Change Total $ Yr-to-Yr	24.2	16.9	12.7	10.6	11.7	17.8	14.7	13.4	11.0	14.0

Percentage Change Total Dollars 78/9 to 84/5 = 117%

Percentage Change Police $ Yr-to-Yr	21.8	17.4	15.0	11.5	17.6	21.1	14.5	14.5	7.4	10.3

Percentage Change Total Dollars 78/9 to 84/5 = 121%

	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85
USA Total $ (Billions)	229.7	255.6	272.8	295.5	326	367.3	405.6	435.1	465.0	503.4
Percentage Change Total $ Yr-to-Yr	15.7	11.3	6.7	8.3	10.3	12.7	10.4	7.3	6.9	8.3

Percentage Change Total Dollars 78/9 to 84/5 = 70%

Percentage Change Police $ Yr-to-Yr	14.2	13.1	7.2	10.6	6.2	13.1	11.1	11.6	7.5	3.8

Percentage Change Police Dollars 78/9 to 84/5 = 66%

Data for this table were extracted from the Statistical Abstract of the United States and from the United Nation's National Accounts Statistics: Main Aggregates and Detailed Tables for the relevant years.

TABLE 9

PER CAPITA AND PER CAPITA ADJUSTED EXPENDITURES
IN THE UNITED STATES AND AUSTRALIA: 1978/79 TO 1986/87

	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
United States Population[+]	223	225	228	230	233	235	237	239	241
Per Capita Police Dollars	50	53	59	65	72	76	78	81	84
Per Capita Police[a] Dollars Adjusted	63	60	59	60	63	62	62	62	62

	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
Australia Population Total	14.4	14.5	14.7	14.9	15.2	15.4	15.5	15.8	16
Population[*+] Adjusted	14.0	14.1	14.3	14.6	14.8	15.0	15.1	15.3	15.6
Per Capita Police Dollars	40	47	55	62	69	75	82	94	99
Per Capita Police[a] Dollars Adjusted	48	52	55	56	56	56	59	64	62

[+]Population = 1978/79 budget matched to end-of-1978 population.
[a]Inflation = 1978/79 budget matched to end-of-1978 inflation (CPI).
[*]Total national population was reduced to .97 of total to produce a stable
estimate of the population of the six states (thereby excluding
the Australian Commonwealth Territory and the Northern Territory from the
analysis).

CHAPTER 3
POLICE PROGRAM BUDGETING IN AUSTRALIA

The two most significant recent developments in Australian police budgeting are the adoption of program budgeting and the movement toward decentralized fiscal management. It is arguable that these developments are linked, as both have evolved out of increased pressure to control costs and greater urgency to set service priorities in the face of increased workloads. This chapter examines program budgeting, while the next looks more closely at decentralized fiscal management models in Australian policing.

The adoption of program budgeting by Australian police is relatively recent, having gathered force only after about 1982 and then largely in response to requirements imposed by some state governments. More recently the federal government's 1986 Financial Management Improvement Program imposed the introduction of program budgeting throughout the federal establishment. These developments direct attention to four questions: (1) What is program budgeting? (2) How does it differ from traditional budget formats? (3) How far has development progressed, and what are the impediments to further development? And (4), should police managers and the public expect any concrete benefits from program budgeting?

WHAT IS PROGRAM BUDGETING?

The development of program budgeting in Australian state and national governments, and earlier similar developments in the United States dating from the mid 1960s, have produced many varieties of program budgeting which share several core features. A good overview of these features was provided by the Australian federal government's Department of Finance in 1985 when it defined program budgeting as a system that included:

> The grouping of activities into a program structure according to common objectives; the expression of objectives designed to facilitate assessment of effectiveness; management reporting systems based on the program structure to facilitate monitoring, control and assessment of programs; an annual cycle for the generation and modification of program proposals; and a process of review of program efficiency and effectiveness....

> The key characteristics of program budgeting [include] identification of activities according to a hierarchical structure of programs, sub-programs, components and sub-components, each related to a distinctive purpose or objective(s); objectives designed to facilitate

assessment of the effectiveness of programs and program elements;
management reporting systems, based on the program structure,
which allow financial planning, monitoring, control and assess-
ments of results; an annual cycle within the established budgeting
framework for the generation of and modification of programs and
for selection of appropriate levels of resources, both financial and
human; [and] a process of regular and systematic evaluation of the
effectiveness of selected on-going programs and the efficiency of
program delivery as part of the budget cycle, or in association with
it (Government of Australia, 1985).

PROGRAM BUDGETING IN CONCEPT

Consistent with the above view, program budgeting requires that expenditures
of all kinds (for people, supplies, materials, and capital works) be justified on
the basis of work to be done and, ultimately, on the basis of objectives to be
achieved rather than on the basis of historical expenditure patterns. The
budget plan shows connections between resources, work, and objectives. All
of these, objectives included, are subject to frequent review, revision in
priority, and potential discard. Budget performance is no longer simply
defined as "keeping expenditures within approved levels" but rather as main-
taining or improving efficiency (more work for the same or less money) and ef-
fectiveness (achievement of objectives). See Exhibit 5-5 for examples of ef-
ficiency and effectiveness measures that could be used to measure perfor-
mance associated with law-enforcement activities.

The most visible feature of program budgeting in both Australian and
American police forces is the creation of a "program structure." Two
Australian examples are included below (Exhibits 3-1 from Victoria and 3-2
from South Australia). As can be seen, the level of detail contained in a
program structure can vary greatly, but what is common to all program struc-
tures is the "top-down" hierarchy. At the top a force's most basic missions or
raison d'etre are stated; at each successive level the components of these are
stated in ever greater detail. Through these connections the most miniscule of
specific activities can be connected to the most general of corporate objectives.

As an organizing chart, the program structure is a revolutionary way of pictur-
ing organizations. As can be seen in the exhibits, the form of the structure
varies from force to force. New South Wales's police program structure is
divided even differently still into general police services, criminal investiga-
tion, traffic supervision and control, community policing, and administrative
support services; in addition there are two other program categories for
program operational support and for apportioned program costs.

Notice also in the exhibits that agency divisions or units are not identified;
rather, basic objectives, functions, or activities are. This is a radical departure
from traditional tables of organization that arrange departmental units and

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subunits within a hierarchical chain of command. Under program budgeting, function rather than structure forms the view of the agency. Instead of patrol, criminal investigation, and traffic divisions, for example, we conceptualize and arrange law-enforcement, crime-prevention, and public-safety functions.

An extremely important implication of this is that a given program, sub-program, component, or activity is not solely the domain of a single organization unit. For example, crime prevention is not the responsibility of the "crime prevention unit" alone. Indeed, it could be argued that some part of the work of nearly every operational police unit is crime prevention, and so the cost of crime prevention is not just that portion of the budget assigned to the crime-prevention unit. The program-budget structure, therefore, requires that we construct crosswalks between departmental structures, connecting the pieces of functions scattered throughout the chain of command, and acquire a complete picture of effort and cost associated with a given program or component.

For policy makers and managers used to organizing the force into divisions, units, and bureaus that are linked through a vertical chain of command, the program structure can pose an analytical nightmare because it draws attention to horizontal connections between units, not just vertical ones. The confusion is exacerbated if resources continue to be allocated down the chain of command according to organizational unit rather than to programs, sub-programs, and components.

In sum, program budgeting as commonly understood has the following intended features. Resource requests are tied to work programs and these to measurable objectives. Analyses of total costs of a given objective or work program are undertaken through a summing of costs incurred by all organizational units for work or activities related to the objective. Program budgeting requires program analysis of the kind that not only links resource expenditures to work performed and ultimately to objectives achieved, but also requires that both alternative objectives and alternative means to achieve objectives be identified and weighed. The costs and benefits of each alternative are expected to be thought out. Resources are allocated to the highest-priority programs as determined by their degree of fit with government objectives and prime agency missions. Budget performance is evaluated according to criteria of efficiency and effectiveness, not solely by whether agencies and their units manage within their authorized budget levels.

EXPECTED MANAGERIAL BEHAVIORS

Program budgeting emphasizes that it is more important to know how much a given program, activity, or objective costs than it is to know how many resources a given agency division consumes or how much is spent on travel or supplies or how many resources are assigned to a particular line-item category of expenditure. Ideally, proposed expenditures (or costs) are apportioned to each program or activity rather than merely categorized according to major

classes of expenditure classes (e.g., personnel, supplies, travel, equipment). And because most divisions and units have multiple program responsibilities, managers of these divisions or units must know how all of the human and material resources under their control are apportioned across or consumed by these various programs or activities.

However, because it is still important to know what commodities the dollars actually purchase, both program and line-item categorizations of expenditures are often presented. Exhibit 3-3 from Victoria is an example. The first part of the Exhibit shows program and line-item allocations for each of the major program components; the second part shows the same in greater detail for one of these programs. Exhibit 3-4 is the narrative description of the four general program components for the Victoria police. Exhibit 3-5, in contrast, is a stand-alone line-item budget from Queensland.

Police managers operating under a program budget format are expected to identify and set objectives and to show how their proposed expenditure will improve the efficiency of work performance and the effectiveness with which objectives are achieved. In consequence, managers are required to show that budget requests for programs and activities pursue accepted objectives and to show further how costs and expenditures are distributed among these programs and objectives. The annual budget-planning process does not begin and end, as may have been traditional, with the current year's base, plus a little something to cover inflation and new initiatives. The emphasis of resource allocation under program budgeting is enhancing program objectives rather than augmenting unit budgets. Resources flow to highest-priority objectives rather than to particular units or into particular line items per se.

PROBLEMATIC ASPECTS

As a matter of practicality, none of these new tasks are easily done in agencies where objectives and units overlap and where money is traditionally assigned to units rather than to objectives. For the manager whose responsibilities bridge several program areas and who traditionally manages from a single pot of human and material resources, it is difficult to plan for and subsequently assign costs associated with each area of program responsibility. The level of difficulty encountered is partly dependent on the level of accuracy required when assigning costs.

APPORTIONING COSTS: Especially when attempting to apportion indirect and overhead costs, reasonable approximations of cost distribution are usually quite adequate for budget planning. This appears to be the approach that New South Wales takes when distributing expenditures that cut across several programs and when distributing its "apportioned program costs." Another example of "approximating distributions" involves using work-sampling techniques in the place of requiring personnel to keep detailed daily work logs as a means of determining how personnel time is distributed across several

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program categories. Difficulties associated with cost apportionment under program budgeting cannot be eliminated, but they can be made more manageable by using some of these methods of approximation.

Unfortunately, under present methods of cost accounting in most Australian police forces, the apportionment of expenditures across programs (whether done in detail or approximated) will require new and additional data collection and analysis. This is because existing financial record systems were not designed to track, nor are they capable of tracking, expenditures and costs according to program categories. The traditional design of general-ledger systems assigns expenditures to line-item categories. Payroll systems were designed to pay people, not to keep track of what they are doing.

Further complications arise when it is found that some objectives are difficult to measure with precision, and when it is found further that connections between expenditures, work done, and the achievement of objectives is difficult to conceptualize, let alone establish. And setting priorities among competing objectives requires agreement among police managers and between them and political authorities on what is important, and this is not easily done.

ANALYTICAL COSTS: So, too, there are substantial analytical costs associated with program budgeting, the scope of which may be gauged from the following excerpt from a paper presented to the Victoria Police College Senior Executive Course:

> It is critical to the success of program budgeting that budgets not be developed in a policy vacuum but within the constraints of considered and relevant top-down policy guidance.... Program Analysis is a comprehensive [term] covering all aspects of budgeting on the basis of programs. Thus it covers:
>
> (i) performance evaluation, including the development of explicit measures of effectiveness, efficiency, and workload. This is useful to senior Departmental management in establishing priorities, balancing various options for achieving objectives and generally determining budget requirements.
>
> (ii) Assessment of programs alternatives.... The options cover alternative methods of providing services, variations in the speed at which objectives are achieved and alternatives in the quality and quantity of services provided. Each option is assessed on the basis of its cost effectiveness in meeting the program's objectives. The options will be based on a range of funding levels that are below, at, and above current levels.

(iii)   Development of program statements, documenting the program manager's analysis of the program options.... The program [statement must be] fully integrated into the Departmental budgetary process. It should not be seen as merely a distinct and separate planning mechanism unrelated to budget formulation (Knight, 1984).

These "analytical" activities add substantial time to budget planning, requiring that managers divert a larger portion of their time away from day-to-day operation to more basic policy analysis. There are other analytical costs implied as well, for ultimately the weighing of alternatives requires that data on these several alternatives be collected and analyzed.

HOW DOES PROGRAM BUDGETING DIFFER FROM TRADITIONAL BUDGETING?

Traditional budget planning, while not ignorant entirely of objectives, emphasizes the management or control of resources. Line-item budgeting, the most common of the traditional approaches, which dates from about 1900 in both Australia and the United States, has been dubbed "control" budgeting because it emphasizes "controlling" both the amount spent and what is purchased. The information focus of budget submissions, and the dominant form of interaction between agencies and budget authorities, consists of detailed review, negotiation, and specification of what may be purchased and how much of it.   Subsequent audits of budget performance focus on whether authorized expenditures were made, with the goal being that neither more nor less was spent than authorized. Further to restrain the authority of managers to expend, very tight, often highly detailed controls are put on the authorization of expenditures even after budget approval.

The current year's budget allocation is the starting point for planning next year's request, with the implication that existing practice and previously approved levels of expenditure are not reviewed except as these may need augmentation because of the pressures of inflation or because expansion of activity is deemed necessary or desirable. As a consequence, emphasis is on the growth of expenditure, and except in unusual circumstances all departmental units share in the growth because traditional budgeting emphasizes across-the-board rather than programmatic decision making.

Across-the-board decision making is a consequence of not giving explicit consideration to objectives and priorities, because in the absence of such consideration all programs and activities are assumed for convenience to have roughly equal importance. All units share equally in the need to control costs, all receive some portion of increased funds, all share in the burden of decreases, should revenues fall short.

The primary differences between traditional and program budgeting are fairly obvious. Chief among these is that traditional budgeting emphasizes inputs while program budgeting gives special attention to outputs and outcomes. The performance indicators used by the two systems are fundamentally different and so are the bases of budget-request justification and resource-allocation decisions. What this means for police officers and for financial administrators is succinctly put in a Queensland's police training document:

> Traditionally, the main objective for financial administration has been to control cash disbursements in relation to appropriations approved by Parliament. Whilst this objective remains important, there is now need for accountable officers, in proper compliance with the law, to relate financial costs to programme achievements or outputs to ensure maximum effectiveness and efficiency are attained in the expenditure of public monies. Standards then must be designed and systems of financial administration established that will meet both these objectives. As techniques of financial administration are subject to change, standards must necessarily be revised periodically to reflect new requirements and the results of periodical evaluation of departmental systems (Cassidy).

The first priority under traditional budget planning formats tends to be protection and enhancement of existing programs and activities, and only after that the funding of new initiatives. There is little consideration that some current activities and associated expenditures fail to provide value for money because there is little incentive to do so: line-item budgeting does not ask that outputs and outcomes be assessed; discontinuing an activity negatively affects personnel; terminating an activity may be interpreted as an admission of failure; and termination may mean the loss of resources associated with that activity. Line-item budgeting in particular leads managers to protect the status quo and not to question whether objectives and priorities have changed or whether adoption of fundamentally new technologies or procedures offer greater payoff. Line-item budgeting is consonant with and supports normal bureaucratic resistance to change. As discussed in the final section of this chapter, police managers should not expect (as they no doubt already know) that the mere adoption of program budgeting addresses these shortcomings. The adoption of program budgeting draws attention to shortcomings but only a commitment to allocate and manage resources programmatically can result in measurable improvements.

HOW DEVELOPED IS PROGRAM BUDGETING IN AUSTRALIAN POLICE AGENCIES?

The formal adoption of program budgeting in one form or another appears most advanced in South Australia, Victoria, New South Wales, and Tasmania and under active consideration but less fully recognized in Queensland and Western Australia. It is far from fully accepted or developed in any of the

state police forces, as the level of development in even the most advanced might today still be accurately described by the words used a few years ago to characterize its adoption in Victoria:

> Although Victoria Police has been exposed to the concepts of Program Budgeting for some two years it could not be yet said that it was operational within the force. The major correlation, at this stage is that operational departments of Crime, Traffic and Operations align with the programs upon which the appropriation is based. However, the key elements of planning, managing and reviewing within a Program Budgeting structure could not yet be said to be the major focus of the force at operational level.

This should not be taken as criticism of Victoria police (or of any of the state forces); rather, it is evidence of the difficulty most organizations face when attempting to move from traditional to program budgeting formats. Development in even the most sophisticated of agencies tends to be evolutionary, beginning with, in top-down fashion, the adoption of the most obvious aspect of program budgeting, the program structure. Further developments require that managers and governments be willing to assign resources on a programmatic basis, that managers receive appropriate training in fiscal management, and that agencies acquire requisite staff and management data to support required program analyses. And it also usually means that police organizations will need to alter the criteria by which managers have traditionally been selected to include fiscal management abilities and experience. These are expensive and require time and commitment to accomplish, which may explain why program budgeting has rarely, if ever, been fully implemented anywhere.

Even though Australian policing may generally be characterized as at the beginning stages of the process to adopt program budgeting, there are indicators of changes in the budget planning and fiscal management in several states--changes that are not only consistent with the adoption of program budgeting but may also have been prompted by it. However, several more changes are required if further development in program budgeting is to take place.

GOVERNMENT BUDGET-REVIEW CRITERIA

As characterized by those interviewed in one state (but consistent with views expressed in several other states), the process of budget negotiation between the police and the government has changed in important ways over the last few years: "Under the old system we prepared estimates and sent them forward to Treasury, which responded by cutting the request back to conform with historical patterns of expenditure growth. Now, Treasury provides us with an overall budget target for major program areas and asks us to review what the consequences of these funding levels will be." This change, although slight at first glance, is a subtle yet potentially far-reaching revision of the criteria used by

governments to allocate scarce resources. The resource allocation criteria now explicitly include estimates of how outputs and outcomes might vary, given alternative funding levels. If governments as well as police departments begin actually to allocate resources according to output and outcome impacts, the central policy implication of program budgeting will have been activated.

There is evidence in all of the forces that attention is increasingly paid to answering questions about output and outcome benefits. The clearest evidence is in emerging procedures and requirements for justifying new programs and enhancements to existing programs. Answering questions such as "who benefits?" and "what specifically will be achieved?" are cornerstones of the justification process. Exhibits 3-6 and 3-7 are portions of forms now required by New South Wales and South Australia forces, respectively, when either program enhancements or new programs are being proposed. Of the two, the New South Wales form is the more explicit regarding the kinds of cost/benefit issues that must be addressed. The narrative accompanying Exhibit 3-6 is a portion of that which is provided along with the New South Wales justification form. Many of the issues raised by the New South Wales justification procedure are similar to those raised by zero-base budgeting. Exhibit 3-8 is a decision-package form developed by the author for American criminal-justice agencies. There is a striking similarity in the issues raised by the forms in Exhibits 3-6 and 3-8. In particular one should note parallel requests to provide information regarding benefits, consequences of not funding, and priorities.

DEVELOPMENT OF SUPPORTING CAPABILITIES

The full implementation of program budgeting requires that substantial attention be given to developing supporting capabilities of several types. More to the point, program budgeting cannot be effectively implemented unless an organization is able accurately to measure and allocate total program costs, unless it has staff capable of understanding and applying program management principles, and unless it has the data base and the staff skills necessary to conduct cost-benefit analysis and to measure performance. Thus, the relative development of these capabilities can be gauged to determine whether the meaningful implementation of program budgeting is even possible in an organization.

The level of current development and the prospects for further development in these capabilities is discussed in greater detail in chapters 4 and 5. However, a summary view here of the present level of development is instructive about how far program budgeting has been implemented in Australian forces.

Every state police force is in the process of enhancing expenditure and costaccounting systems. All are aware of the importance of being able to assign costs not only to line items but also to programs and program elements.

Present abilities to do so, however, are limited in each of the forces. Although each of the forces is actively engaged in improving its capability for computerized expenditure monitoring and budget planning, there is a great deal of variation in present capacity: from no computer assistance with everything being recorded by hand using a general ledger system, to highly sophisticated and wholly integrated computerized financial-management systems. And there is general recognition of the importance of providing managers (both sworn and civilian) with training in budget-planning and fiscal-management techniques. Thus far, however, only elementary strides have been made in providing such training.

Therefore, by way of preliminary assessment, the supports necessary for the full implementation of program budgeting are developing but are not sufficiently in place to meet minimum requirements. This is not surprising given that the starting point for budget reform in most forces a few years ago was one of greatly underdeveloped budget-management capability. A following excerpt from a 1985 report of one of the forces' fiscal-management capabilities probably would have sufficed as a fair characterization of most others in Australia at the time:

> The majority of the present problems [with the existing financial system] are symptoms of the general under resourcing of the Accounts and Finance function both in terms of systems, skills and personnel, and of the low profile of this function relative to the functions within the three operational programs of the Force. This has led to the situation where the primary focus in financial management is on basic bookkeeping. The major problems include:
>
> - a lack of a budget planning framework which defines overall organizational and program objectives within which managers at all levels of the organization can develop cohesive, integrated plans and budget bids....
>
> - a lack of devolved responsibility and accountability for budget preparation and performance at the district level....
>
> - inadequate reporting of financial management information to command and to operational managers. This is partially a function of the difficulties of obtaining good, summary, management reports on historical information..., and the inability of the finance area to produce financial management planning information which can be used as an input to long term planning.

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THE INTERNAL BUDGET-PLANNING PROCESS

Although there are many visible signs of the adoption of program budgeting by Australian police, and although continuing development is evident, it cannot be argued that program budgeting methodologies shape fiscal requests and fiscal decision making throughout the Australian police establishment. Business as usual in the form of base budgeting or line-item budgeting with incremental year-to-year adjustments continues to play a dominant role in ultimate budgetary outcomes. This view was most clearly and forthrightly expressed by a budget officer of one force when commenting on the actual implementation of program budgeting in his agency.

> We estimating our money needs for next year through the usual line-item approach: We start with the current approved budget, add in an inflation factor, and give consideration to special expenses that may occur next year. This produces total line-item amounts for our overall request. In the past this constituted our budget-planning process and our budget submission. Now, since the imposition of program budgeting, we take the process one step further: We divide the line-item amounts determined in step one into program components. This is done by first distributing [assigning] personnel to program areas and then distributing all other proposed expenditures proportionate to how personnel are distributed. This becomes our program budget submission. Quite honestly, we produce this program budget strictly for outside consumption; it is not used on the inside by us· we could just as easily take this year's budget, add a little, and end up with the same dollar amount.

Another administrator in another force commented that, "we have looked into program budgeting and are not convinced that it will produce anything of value for us." It was intimated that in this force one group of people puts together the "program" side of the budget document while the accounting department quite separately prepares the dollar request. The chief financial administrator in yet a third police force, commenting about the planning and priority-setting components of program budgeting in his agency, was hardly any more complimentary about their efforts to date:

> A few years ago we tried to initiate a strategic planning effort in which every unit was required to state its goals, objectives, performance standards, and priorities. Subsequent budget requests coming from these units suggest little if any relationship between apparent fiscal priorities and those associated with the strategic planning effort. As for program-budgeting, we have long way to go!

It may be unfair to suggest that program budgeting is viewed quite so cynically in all state forces, or that development has not progressed further in some others, but there is no evidence that traditional forms of budget decision making have been seriously altered in any by the adoption of program budgeting. The Australian police are not alone because the same is largely true of public budgeting in American criminal justice, where there is evidence of at best only slightly successful efforts to install program budgeting beginning as early as the late 1960s.

In the United States, despite nearly two decades of effort on the part of some to install more sophisticated budget-planning devices, base budgeting remains intact. Incremental year-to-year adjustments to the budget base is the principal mode of budget behavior. The same appears largely true in Australia, but it must be remembered that Australian police have been at the activity only about five years. Further development in Australia will depend on two general factors: (1) continuing advances in technologies that support program budgeting (e.g., computerization, improved cost accounting, and staff development), which are further noted in Chapter 5; and (2) how well certain basic impediments are dealt with, as discussed below.

INHERENT IMPEDIMENTS

Traditional approaches to budgeting are highly resistant to change because they are more convenient from both workload and political points of view. Program budgeting multiplies time and effort spent on fiscal planning and management. This is an unattractive feature for administrators who must conduct the analysis and prepare the often lengthy budget narrative. It is also unattractive to government budget analysts and political leaders who presumably must read and digest the sometimes gargantuan mounds of supporting documentation often accompanying the submission of a program budget.

So, too, program budgeting requires explicit decisions about priorities, meaning that public acknowledgment is given to some services as being more worthy of funding than others. It also requires attention be paid to expenditure outcomes, meaning that sometimes embarrassing attention is drawn to the lack of payoff or to our inability to connect expenditures to measurable outcomes. None of this is especially appealing to either police administrators, or to political leaders who must occasionally stand for reappointment or re-election.

And finally there are the many practical problems (discussed earlier) associated with program budgeting, and not the least of these is the underlying assumption that rational cost-benefit analysis can better shape budget allocation decisions. In rebuff of this assertion, Aaron Wildavsky in the Politics of the Budgetary Process reminds us about the myriad of public values which must be accommodated by resource-allocation decisions. These decisions he believes must of necessity be resolved via the application of political rather than economic criteria. With regard to program budgeting, Wildavsky rather

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pointedly advises: "If you are interested more in being, than in appearing, rational, don't do it! Perhaps here resides our clearest explanation of why rational data supporting the closing of inefficient police stations is met with political resistance. As one Australian police administrator put it, "We have found that it is very acceptable to propose technically feasible cuts as long as they do not result in politically unacceptable consequences."

GOVERNMENT IMPEDIMENTS

Government behavior also stands as an important constraint to further development of program budgeting and also contributes to a certain measure of cynicism on the the part of police managers about the utility of program-budgeting efforts. And there is evidence that state governments have not themselves fully accepted the implications of a program-budgeting approach. Chief among these is the failure of governments to reinforce program budgeting at points other than merely the point of formal budget submission. Such counterproductive behavior, sending conflicting signals to police administrators, was noted by an agency finance administrator, speaking of Treasury's subsequent monitoring of budget performance.

> The commitment by Treasury to program budgeting is unclear. Although they assign funds by program category, subsequent performance monitoring by Treasury is exclusively on the financial side: they only request a straight line-item report for monitoring throughout the fiscal year. From our perspective Treasury seems only interested that we do not exceed our total allocation because it really doesn't require much in the line of stated objectives or performance criteria associated with them.

Another government behavior that sends messages in conflict with program budgeting is across-the-board reductions in budget base. This is already manifest in two states, and may be in several others if budgets continue to tighten. Ultimately, the utility and consistency of across-the-board cuts with program budgeting is dependent on government purpose. If government purpose is to avoid priority setting and programmatic decision making by pushing the hard decisions down to the agency level, the action is counterproductive to program budgeting. Across-the-board cuts assume that every agency and program has an equal ability to absorb the reduction, which is hardly ever the case. And in time, across-the-board cuts mean that we do everything poorly instead of setting program priorities.

If on the other hand, across-the-board cuts reflect government intent to create a pool of funds from which selective program adjustments (enhancements) subsequently can be made, then the objectives of program budgeting potentially are well served. The danger of course is that regardless of intent, actions may be misinterpreted by managers. In one state, for example, a recent proposed across-the-board reduction in base budgets was accompanied by a

government request to detail the consequences of such a cut. Agency management responded that it would mean reducing personnel strength by a certain amount. Thus, the agency itself warded off program-based response by implying an across-the-board reduction in personnel.

THE IMPEDIMENT OF COST CONSCIOUSNESS

A principal motivating factor behind government interest in program budgeting is its implicit if not explicit promise of greater value for money. Program budgeting incorporates two versions of value for money in its analytical structure, one being efficiency and the other effectiveness. With the first, the emphasis is on cutting costs; while with the latter, the emphasis is on improving outcomes. Both are legitimate criteria.

However, when one dominates over the other, poor fiscal decision making may result. When effectiveness dominates over efficiency, it can be that "money becomes no object." When efficiency dominates over effectiveness, "suboptimization" results, with the further consequence that agencies lose effectiveness, by seeking merely to cut costs. In times of resource plenty we tend to pay greater attention to issues of effectiveness, while during times of resource constraint concerns over efficiency dominate.

Australian police and Australian state governments are increasingly exhibiting behavior that gives dominance to efficiency concerns. The evidence is striking in each of the states where major changes in operational procedures as well as in budget-management procedures are touted for their cost-cutting advantages. For example, as discussed more fully in the next chapter, agency budget officials are very quick (and rightly so) to point out significant cost savings that have resulted from decentralization of fiscal-management responsibilities. Less measured attention has been paid to how these changes effect agency outcomes although in several instances one can imagine improvements to effectiveness as well. Of course, reduced costs are often more easily documented than are improvements in results. If public revenues continue to tighten in Australia, pressure will increase further to cut costs. Yet, the full view of value for money will not be realized unless this natural tendency to focus on efficiency alone is overridden.

SUPPORT IMPEDIMENTS

Substantial additional development in several supports for budgeting are required before much further development can reasonably be expected in the qualitative aspects of budget management by Australian police. Clearly, staff training must be expanded and substantively enhanced to include not only the purely technical or procedural aspects of in-house budgeting processes, but also material on setting objectives, measuring performance, conducting cost-benefit analysis of alternatives, and preparing written presentations. Existing inadequacies in this area are well known to force administrators and ex-

emplified by the comments of one administrator who related his force's experience thus far in trying to have district managers provide information on a program-budgeting basis: "They are unable to respond to such requests because they aren't used to thinking in program terms, they don't have experience in formulating objectives, and at a very practical level, many are unable to put their thoughts into a coherently written package."

Further developmental work on financial information systems is required also if budget management is to improve. Managers require up-to-date information about both expenditures and encumbrances through a cost allocation system that permits analysis at varying levels of organizational operation. Further, if managers are expected to engage in program analyses, they must not only have data but the means to analyze those data. Increasingly this means access to computer-assisted analytical aids.

Finally, both inadequate performance criteria and failure accurately to measure performance are significant threats to the full and meaningful adoption of program budgeting. As one administrator commented, "We have not had much success in devising performance measures for our programs. A recent exercise to develop performance measures was unsuccessful because we were unable to reach agreement about the appropriate mix of quantitative and qualitative measures of performance. Neither were we able to convince ourselves that good performance data could be collected anyway."

As pointed out in Chapter 5, Australian police forces continue developmental activities directed toward enhancements of basic budget-planning support mechanisms. These developments will have their positive effects in better controlling and managing financial resources. However, the many difficulties associated with the full implementation of program budgeting, discussed throughout this chapter, in all probability will limit both its further development and utility.

CHAPTER 4
DECENTRALIZED FISCAL MANAGEMENT

In several ways and for many reasons decentralization of financial management in Australian police forces stands a far greater chance of producing measurable effects than does the introduction of program budgeting. This chapter looks at these effects, first at the concept of decentralized financial management itself and at what typically can be decentralized and what usually cannot. Attention is then focused on specific developments in Australian policing. Finally these developments are assessed, with regard to prerequisites for decentralization, the likelihood of success, and probable payoff to police and governments.

Although program budgeting and decentralized financial management are being touted simultaneously in Australia, nothing requires them to be jointly undertaken; each can be independently adopted. Furthermore, it is arguable that the central features of each are at odds. By definition, decentralized financial management seeks to relocate much responsibility to lower organization levels, while program budgeting increases centralized policy making and imposes stronger top-down controls over decisions about resource allocation. When program budgeting and decentralized financial management are simultaneously introduced, as is the case in several Australian forces, it is conceivable that contradictions will arise. These potential difficulties of interface between program budgeting and decentralized financial management are also briefly discussed in this chapter.

WHAT IS DECENTRALIZED FINANCIAL MANAGEMENT?

Decentralized financial management is the devolution of both authority and responsibility to allocate and expend resources. In theory, devolution provides managers of various organizational units and subunits with authority to manage the financial resources allocated to support their units' missions and work responsibilities.

The objective is to match command responsibilities with requisite financial authority so that whoever has the responsibility to direct given operations has managerial control over the financial resources that support those operations. Police managers of a traffic division, for example, would be able, within broad constraints, to allocate, reallocate, spend or not spend the resources assigned to their unit in the annual budget plan.

Along with the transfer of fiscal authority, however, is a parallel increase in fiscal responsibilities because unit managers are expected to assess their resource needs, to plan and to negotiate unit budgets, to monitor expenditures and to maintain or increase productivity (both efficiency and effectiveness). Cost consciousness, cost control, and maximizing return for money spent become allied responsibilities as well as new criteria by which the performance of managers is assessed.

DEVOLUTION UNDER TRADITIONAL AUSTRALIAN POLICE FINANCIAL PRACTICE

Decentralized financial management is at odds with many of the customary forms of budgeting practiced by Australian police agencies. These traditional practices, whether or not by design, greatly limit the financial authority of line managers, severely constraining any discretionary management of fiscal resources assigned to their units.

Until recently in most Australian police forces, line commanders and district and regional managers were not provided unit budgets as such, or at least were not given access to management information about them. In a majority of the forces if a district or regional commander were asked what his budget was, the question would be greeted by either silence or, "I'm not given a figure," or, "I have no budget responsibilities." This is generally not the case in American policing largely because most police forces there are smaller (comparable in size to Australian stations and districts), and each has a budget that has been individually negotiated with a local political jurisdiction. The only fiscal arrangement in American criminal justice remotely comparable to arrangements traditional in Australian policing is that of the American federal judiciary. In the federal judiciary, individual courts throughout the country do not have operational budgets against which managers in these courts plan and gauge expenditures. There has thus been no incentive for these managers to monitor costs. As one manager put it recently, "I'm given no information about our court's fiscal situation; I'm not given latitude in using resources; and regardless of how well I try to control costs, I'll be told at some point during the fiscal year that the funds have run out."

However, there is mounting pressure within the federal judiciary to provide individual courts with budgets and with the authority to manage them. The impetus for change, similar to that in Australia, is rapidly increasing costs in the face of tightening budget revenues.

Under traditional Australian practices, central management hoarded budget information, with line managers kept in the dark about not only their unit budgets but about the accumulation of expenditures against those budgets. Decisions to authorize expenditures were typically highly centralized and, once made, resistant to alteration. There was little participation by unit com-

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manders in budget planning or in monitoring or managing expenditures. As a result, few line managers acquired a sense of responsibility in using resources, and their accountability was extremely limited.

Ironically, these factors have combined in several instances to permit line managers great discretion in committing to expenditures even though the objective under extant budgeting formats was the opposite (i.e., to limit discretion and constrain expenditure flexibility). For example, until 1983-84 in Queensland, district and regional commanders had little incentive to monitor or control police overtime. It was a recognized and accepted practice that police salaries in Queensland would be liberally supplemented by "near unbridled authorizations of overtime." Because line commanders had no budget, no apparent responsibility to control costs, and no timely information about their expenditures, they often succumbed to tradition and to pressure from the ranks to authorize overtime. The typical result was immense over-expenditure and annual financial crisis for the agency. The overdrafts either required a shifting of funds from other budget categories (usually from equipment purchase and replacement funds) or supplementary authorizations from government.

The absence of unit budgets and concomitant responsibilities to monitor expenditures evoked similar problems in the other forces, sometimes in unique ways. One of these involved the air unit of NSW police, which provides a variety of air-support services for other units and divisions. In the past when these units requested air transport of prisoners or personnel, the costs were borne by the air unit's budget and not charged back to requesting units. In consequence there was no incentive to make judicious and efficient use of air services. It was as if services were free and, as one might guess, they were used liberally, but not without substantial cost to the NSW budget as a whole and not without creating havoc with the air unit's allocation.

In Australian police forces, the tendency to hoard budget information at the top, the lack of participation by units managers in budget planning and fiscal management, and the limited accountability assigned to unit managers to use resources responsibly had several consequences. Among the most important was that managers focused attention on spending resources rather than managing them (there was no flexibility to reallocate funds and no reward in turning funds back). Money was spent because it had been authorized rather than because spending followed from an assessment of objectives and a determination of payoffs. Cost-accounting techniques focused on what money bought (people, equipment, etc.) and not on developing a full-cost picture of what various programs and services cost (e.g., knowing the full cost of policing a rock concert or of undertaking a special drug-enforcement initiative). The planning time horizon was short, tied to annual budget requests and to annual expenditure cycles.

Given the traditional forms of budget practice, it is not surprising to find that Australian forces currently adopting decentralized fiscal administration report somewhat mixed reactions from command personnel. Some police managers view devolution as an opportunity to improve the management of both programs and resources at the line level. New South Wales reports that command personnel have generally been quite receptive, perhaps, it has been noted, because budget personnel have attempted to make themselves available to explain NSW's plan for decentralized management and its advantages. South Australia reports similar interest and overall willingness among command personnel to accept devolution.

In all of the forces, however, other command personnel have been found to view the devolution of fiscal authority and responsibilities as unattractive, and for a variety of reasons. For some managers the imposition of fiscal responsibilities requires costly diversion from their "real" duties, those being, as they see it, the planning and the oversight of operational matters. Planning budgets, monitoring expenditures, and analyzing and cutting costs get in the way of the real job. For many other command personnel the new responsibilities are threatening because they have never received training in fiscal management and were not promoted into supervisory and managerial positions with these abilities in mind. They are unsure about how their performance will be assessed, by what criteria, and whether they will measure up to the new responsibilities. There may also be a less openly stated fear that the underlying objectives of fiscal management are at odds with those of managing police operations. Indeed, as related privately, "Accountants want to save money while my job is deal with crime. Given the crime problem today, I will do a less competent job of dealing with it if I'm told to act like an accountant when making operational decisions."

Thus for many traditional police managers devolution may have many more problems than opportunities associated with it. In part this may be the product of a sophisticated understanding that money-management objectives and operational objectives are not always consonant. Devolution requires line managers to juggle these fundamental issues in ways traditionally reserved to corporate or top management levels. However, the underlying assumption of devolution is that line managers are not only capable of doing the juggling but that they are uniquely situated to do so, and better than a remote top management is. There is a parallel to this line of reasoning in broader economic theory which involves a comparison of the relative advantages and disadvantages of centrally planned and managed economies in contrast to those "managed" through the micro-economic decisions of individuals and firms. Although such an analog can be carried much too far, the underlying ideology of decentralization shares many of the basic assumptions of market-driven as opposed to centrally-managed economies.

WHAT CAN BE DECENTRALIZED?

Devolution has prerequisites. The most important of these are that unit managers be provided budgets to manage, that they have sufficient and timely information about expenditures and encumbrances, and that they have the skills and the inclination to manage resources. These and other prerequisites of effective devolution are discussed more fully in a later section of this chapter. Their relevance here, however, is that answering the question, "What can be decentralized?" depends on these minimal supports being in place.

Both authority and responsibility can be decentralized, and it is arguable that effective devolution requires at least some authority and some responsibility. The kinds of authority which could be transferred, some of which are currently experimentally given to managers in a few Australian forces, include:

1. The authority to reallocate the "operations" portion of the unit's budget. This includes the ability to move resources across line items and program components without prior approval. The authority may be open (no dollar limitation up to the entire unit budget--sometimes meaning in effect that the unit manager is assigned a lump sum) or constrained (e.g., authorization to reallocate up to a certain percentage of the budget without prior approval). Reporting such reallocations after the fact is nonetheless required.

2. The authority to buy goods and services without securing higher-level sanction. Most commonly a maximum dollar limit is set, beyond which additional signatures and authorization from higher levels is required. To be meaningful, dollar maximums need themselves to be on a scale appropriate to the management level (say, for example, $1,000 at the station level; $10,000 at the district level; $50,000 at the regional level in the larger agencies). See Exhibit 4-1 for an example from New South Wales. An interesting further variant being planned by New South Wales is that commanders will not only be given purchasing authority but will be required to issue and sign the cheques that make payment.

3. The authority to buy goods from local vendors on a price and quality competitive basis, thereby bypassing central purchasing and supply. Central supply remains the preferred source for high-volume consumables; the local purchase option is generally reserved for specialty needs, emergency needs, and low-volume consumables. Durable goods with a high unit cost such as computers would be excluded from local-option purchasing.

4. Full control of the overtime portion of the budget assigned to the work unit. In its fullest (and controversial) form managers have flexibility to use salary savings to supplement their overtime allotment, or to reallocate a portion of any unused overtime allotment to other budget components (other line items).

5. Full authority to reassign or reallocate personnel positions on either a temporary or permanent basis across program components under their jurisdiction. Decentralization of this authority is a controversial issue in most agencies. When undertaken, it is usually accompanied by substantial constraints (e.g., only temporary rather than permanent reassignments without prior approval may be permitted; the reassignments must be supported by changes in workloads or by previously approved alterations to program priorities).

A few agencies in Australia have provided commanders with the authority to make what amount to "permanent temporary" personnel reallocations. As one man interviewed put it, "Commanders cannot move personnel positions, but they can move bodies." Thus, personnel can be moved from one activity or program to another by temporarily changing their job assignment or by altering their job duties.

However, whether under centralized or decentralized models, operational components do not have the authority to change ratios in the command structure (e.g., trading, say, a few inspector positions for several entry-level positions).

Not all of these kinds of authority must be given under a decentralized model, but obviously the degree of devolution is in part defined by how many are transferred and to what extent. The same may be said when examining the various responsibilities that may be created by devolution. The most common of these include:

1. The responsibility to provide estimates for the unit's recurrent budget, and the requirement to provide a complete budget plan for the unit. This requires that police managers estimate not only the full costs of continuing present programs, but also that they estimate costs associated with proposed changes to existing levels and kinds of effort (either reductions or enhancements).

2. The requirement to monitor expenditures and encumbrances in a regular and timely manner, and in particular to do so with a view of managing expenditures within the budget allocation. This requires that managers take an active role in frequently reviewing work-unit expenditures against "standards" (e.g., against the budget plan, historical expenditure levels, or cost-cutting objectives).

3. The responsibility to forecast expenditures, to anticipate over- and under-expenditures, and to provide timely reports of these in such a manner that central management is kept fully informed and surprises kept to a minimum.

4. The requirement when proposing expansions, new program, or new initiatives, to provide an estimate of full costs associated with them, distinguishing one-time costs of initiation from the recurrent obligations of the ongoing program.

5. The responsibility to develop unit program and funding priorities in light of overall missions, goals, and priorities of the force. In times of resource constraint or cutback, this responsibility is linked to another (i.e., offering an assessment of the consequences of reduced funding levels). Police managers thereby acquire the responsibility of planning for a variety of financial and program contingencies. Further, this responsibility carries with it the implication that the relevant budget-management and budget-planning time horizon stretches beyond the one-year budget cycle.

6. The responsibility to monitor and enhance value for money by implementing cost-saving procedures and/or by instituting programs that increase the benefit-to-cost ratio.

7. The requirement to enter expenditure and encumbrance data into the agency's financial management system.

How far these fiscal authorities and responsibilities are assigned lower management is a function of how far top management is willing to relinquish detailed monitoring and control of fiscal expenditures. This in turn is a function of force size and geographical dispersion, the force's managerial style as set by top management, and the perceived suitability of managers at lower levels to assume fiscal responsibilities. As is the case among Australian police agencies, these factors and others vary and mean that the form and extent of ·devolution does and will continue to vary from force to force.

WHAT USUALLY IS NOT DECENTRALIZED?

There are practical as well as legal limits to how far decentralization may be carried under even the most favorable conditions. Top management may not surrender ultimate authority and responsibility to manage the fiscal resources assigned to it, and top management must remain the link to and the funnel through which relations with external authorities, especially government and treasury, are maintained. So, too, top management must provide for standards consistent throughout the force. For these and related reasons there are several aspects of fiscal management that arguably cannot be surrendered by top management. These include:

1. Submissions to government. The administrative chain of command, consistency in communicating priorities, and coordination of efforts require that the force speak with one voice through central management in communicating budget plans and needs to government. The alternative is a fragmented budget-submission process that risks chaos and cross-purpose in planning

and supporting initiatives and priorities. Ultimately, decentralized budget submission would provide lower-level managers with a level of autonomy by which they could make end runs around the program priorities set by corporate management.

2. Accounting standards and budget-planning procedures. Central management must enforce procedures imposed by generally accepted accounting standards as well as those imposed by governments. And as corporate management is the focal point of responsibility to government, it must be able to determine the form and content of budget planning and accounts information that it requires of agency units.

3. Reconciliation and audit functions. Decentralization of fiscal authority requires increased vigilance over how that authority is used and whether accompanying responsibilities are met. The setting of audit procedures and standards must, therefore, remain a highly centralized function, resting with corporate management and with government.

4. Procedures for authorizing personnel positions and for purchasing goods and services. These procedures have both control and monitoring functions (control over purchases before the fact and the monitoring of purchases both before and after the fact). Specifying the extent and level of command approval required for acquiring people, goods, and services is a fundamental decision reserved to corporate management. But even when corporate management delegates such approvals to lower levels, it retains the right to require that certain purchasing steps and reporting procedures be followed. Without the ability to specify such policy, corporate management surrenders control over the force's fiscal resources.

5. Strategic fiscal-management policies. These include setting overall goals and objectives for the force, and setting strategies and priorities. Whether the force adopts a decentralized fiscal management model or not, it remains a crucial responsibility of corporate management to set overall-resource allocation priorities, because money and what money buys is the lifeblood of goals and operational priorities. Under even highly decentralized models of fiscal management, corporate management set resource-allocation priorities, makes broad allocation decisions, prohibits expenditures for certain types of programming or for certain types of commodities, makes adjustments in the gross relative allocations to various agency units, and encourages new initiatives by adding resources. It is principally the tactical or operational level of decision making, with attendant resource implications, that is devolved under the various models of fiscal management.

PREREQUISITES FOR DEVOLUTION AND THEIR DEVELOPMENT IN AUSTRALIAN POLICING

There are several conditions that support transfer of fiscal authority and responsibility. Five are particularly important if decentralization is to be something more than window dressing.

CHAIN OF COMMAND: Among the most important and obvious prerequisites is a chain of command willing to accept devolution. This means both a corporate or top command willing to surrender certain authority to lower-level management and lower-level managers willing to accept not only the authority but the responsibility that follow. Unwillingness at any point in the chain will chill implementation and enhance the opportunity for both delay and outright sabotage of key features of the decentralization plan.

Among other things, an unwilling top management will continue closely to monitor subordinates' fiscal-management decisions, often reversing them or at least pointedly questioning their appropriateness. In the process subordinates may come to believe that it is perhaps only new responsibilities and not new authority that has been added to their jobs. Unwilling or dubious lower-level managers will be far more likely only to go through the motions of meeting new responsibilities than being truly committed to seeing the system work. The great danger in police forces worldwide is that the traditional emphasis on tight top-down decision making increases the likelihood that managers at lower levels will not participate in any meaningful sense in the development of their new authorities and responsibilities; they may simply be told what they are. If contemporary management theories are correct, lack of participation enhances resistance to change and lessens commitment to making it work.

From comments made during interviews and presented earlier in this chapter, it seems clear that devolution is not uniformly supported in Australian police commands. However, without systematic surveying of personnel, the extent of concern and the reasons for it cannot be determined. Forces implementing decentralized fiscal management could profit from systematically surveying personnel who will be affected for attitudes to and knowledge about their responsibilities under devolution. Although it is possible that some forces may have already done this, no evidence was presented during the site visits to indicate such. Implementation in the various forces could be eased considerably if undertaken in full knowledge of views up and down the chain of command.

In some forces only the most rudimentary forms of devolution are just now being internally discussed and implemented. Close monitoring and evaluation of the implementation of decentralization ultimately is the only means of judging the degree of its acceptance. One suspects but cannot really establish that most resistance, where there is any, is bred out of lack of experience with decentralized fiscal management rather than out of unalterable hostility to it. And, as merit-based rather than seniority-based promotional systems work

their way into the forces (as they are in several, e.g., New South Wales), and to the extent that merit criteria include measurement of fiscal-management acumen and skills, acceptance ought to increase markedly. Also, as supervisors' training courses include presentations on fiscal management, as they do in all of the forces now, the understanding of what is expected ought to improve as well.

STAFF DEVELOPMENT AND STAFF SUPPORT: Most police managers of operational units the size of districts and regions in Australia have insufficient time, inclination or professional training to manage substantial new fiscal authority and responsibility without additional training and staff assistance. Under devolution, expenditure monitoring and at least some data-entry duties previously done centrally will be done locally and will require on-site clerical assistance. Analyses of expenditure options, including simple cost-benefit analysis, projections of costs, costing out new initiatives, and preparing unit estimates all require that managers have at least a working understanding of the basic tools associated with these operations, and all obviously are done better if competent assistance is available. Such help provided by skilled civil servants or by a combination of them and uniformed personnel is not now generally available in Australian forces, although the need is commonly recognized. South Australia, for example, has tried without success thus far to add as many as a dozen civilian support positions for distribution throughout the force. New South Wales has plans for upwards of 2 to 4 additional support personnel in the districts.

However, there is resistance among some commands and on the part of some governments to adding to fiscal-management staffs because of costs and also because of the appearance it gives of shifting limited departmental resources from operational policing to administration. Thus, finding and assigning adequate staff to support devolution is likely to be a continuing problem, especially if the overall fiscal environment tightens. In the absence of being able to provide regional or district commanders with adequate on-site staff support, a fall-back position is providing them with direct access to central budget staff. But the fall-back position is not without its own costs in the form of increased burden on central staff and a concomitant need for an expansion of it.

In the absence of on-site support, the training of police managers takes on added importance. Thus far, however, training in fiscal management has been minimal in the Australian police involving little more than briefings on new procedures associated with devolution and short introductory presentations at management-training programs on the components of fiscal management. Detailed training on the new authority and responsibilities and tools associated with devolution (measuring full costs, cost-benefit analyses, methods of projecting costs and planning budgets, etc.) are not (except perhaps in New South Wales) part of training programs. There is a general awareness of the

importance of training but not much serious attention given in most forces to developing a full program. Exhibit 5-4 presents in greater detail a set of recommended topics in which police managers might profitably be schooled.

FINANCIAL INFORMATION SYSTEMS: A third prerequisite of decentralization is that managers at all significant levels be provided budget allocations and real-time expenditure and commitment data in a format that will permit them continuously to monitor expenditures against these budgets. Without these, the responsibilities assigned under devolution cannot be carried out because the following cannot be done effectively:

1. Continuous monitoring of cumulative expenditures for each line-item category, and a comparison of these both against the total budget for each category and against projected expenditure levels at various points throughout the year for each category. Exhibit 4-2, from Tasmania, is an example of a monthly monitoring system which permits tracking line-item expenditures and commitments against budget targets for the agency as a whole. Exhibit 4-3, also from Tasmania, is an example of such budget targets set at the beginning of the fiscal year. Devolution would require similar planning and monitoring information at lower agency levels as well.

2. Frequent reappraisals of total year-end expenditure projections throughout the fiscal year as information about actual expenditures-to-date is acquired.

3. Assessing and monitoring total costs (accumulated for all relevant line items) of programs and program components.

4. Monitoring expenditures for special program initiatives, tracking both new expenditures and transfers of existing resources (e.g., including the costs of shifting existing manpower away from normal patrol activities to policing a labor dispute).

Ideally, the fiscal-management information system should permit varying levels of aggregated and disaggregated monitoring and analysis (from costing the smallest program element to costing the most general program categories). The system should permit monitoring both actual expenditures and encumbrances or obligations. Both are essential if managers at varying levels are to have an accurate picture of both costs-to-date and year-end expenditures. New South Wales's computerized financial information system will eventually include a purchasing software package that will, among other things, update commitment records on a real-time basis.

And finally, the system should permit analyses of total costs, which include not just direct expenditures and commitments but overhead, indirect costs and externalities as well. These other costs are often ignored, because they are harder to measure and assign to specific programs or activities. But they are costs of the activity nonetheless because they consume resources.

Ignoring externalities can have far-reaching unintended consequences. The reassignment of personnel from, say, traffic-patrol duties to crowd control at a rock concert not only creates direct costs associated with keeping peace at the concert and certain indirect costs such as an additional load on central communications, but there will presumably also be increased "external costs" due to a greater number of traffic accidents because of decreased patrol. The measurement of such externalities is not easily done. However, there is currently some experimentation with attempting to do so. For example, Victoria requires that new units or new program initiatives be reviewed not only in terms of the projected costs of the operation itself but also in terms of the impact on other operational units or program areas.

At present, capacities to conduct these kinds of cost analyses, either centrally or at the regional, district, or station level are very limited in Australian forces. These limitations and the need to address them are discussed more fully in the next chapter.

INCENTIVES: A fourth and key prerequisite for devolution is that there be rewards for managers who seriously and successfully manage the fiscal resources assigned to them. One kind of reward is that the personnel-management system recognize fiscal-management criteria in measuring performance and in making personnel decisions such as for promotion and assignment. Equally important, however, is that negative rewards for sound fiscal management need to be minimized. An all-too-frequent negative reward is corporate management's not permitting a reallocation of savings by managers who find ways of achieving them. The financial-management reward system should not only recognize cost-saving but increased productivity as well. A sharing in cost savings by, for example, letting line managers reallocate part of their savings to other programs under their jurisdiction acts as an incentive for them not only to decrease costs but to improve results as well. Otherwise, the only "reward" to managers who produce savings is a reduction of the resource pool they have at their disposal.

A PLAN OF ACTION: A fifth prerequisite when moving from a centralized to a decentralized financial management system is that there be an implementation plan based on corporate or top management's doing the following:

1. Making a determination of how far to carry devolution, detailing not only the authorities and responsibilities that will be assigned lower-level managers but also how far down into the department devolution will be carried.

2. Assessing the fiscal-management skills of managers and the amount and kind of staff support available to support devolution, and comparing these against an assessment of what is needed to support the level of devolution chosen.

3. Assessing the existing financial-management information system and whether it is sufficient in terms outlined above to support devolution.

4. Making a plan of action to fill gaps between existing and necessary supports in training, staff support, and information systems, and implementing this plan before devolution.

5. Phasing in devolution, looking along the way for shortcomings and a need to make adjustments.

6. Clearly communicating the plan and its objectives to all affected lower managerial levels.

Without judging how far top management in the various Australian police forces have thought through these issues, it seems from information volunteered by personnel in New South Wales police that they have probably given these issues the most serious and complete formal consideration of any of the forces. They have, for example, decided that most of the kinds of authority and responsibilities listed earlier will be transferred to one extent or another. They have developed and are currently implementing a financial-management information system capable, at least on paper, of meeting all minimal ·financial-monitoring needs. And they have developed a broad-based and multi-layered training plan for personnel throughout the ranks. There was little evidence available from the other forces that they were at a similar level of development to support devolution.

ASSUMPTIONS ABOUT BENEFIT AND VALUE

There are several benefits assumed to follow from devolution. Because decentralized management is so new a phenomenon in Australian policing the benefits remain largely undocumented except for several instances of costs savings attributed to transferring cost-control responsibilities to district managers. Nonetheless, the hope for benefit is based principally on an assumption that mismanagement arises from overly centralized planning and control of fiscal resources and that it is brought under control through decentralization.

COST CONTROL: In all of the interviews conducted during the research, the chief benefit foreseen by most force fiscal officers is improved cost control, perhaps because each who has experimented with aspects of devolution in

their forces can already point to successes in this area. The general view expressed is that costs savings are brought about by increasing the responsibility of lower-level managers to monitor their expenditures and to stay within assigned budget levels.

New South Wales documents what it believes are substantial savings as a result of introducing the notion of "user pay." For them the "user pay" concept extends ownership and personal responsibility for cost effectiveness of expenditure decisions to district managers by transferring various line-item amounts to these managers' budgets. Some of these line-item amounts were previously centrally budgeted (e.g., travel, vehicle running costs, insurance). Expenditure limits are set for each line item. New South Wales documents millions of dollars of savings in these line-item categories during the last fiscal year.

So strongly held is the belief that costs can be better controlled through devolution that in some instances one gains the impression that cost-control objectives are the only real driving force behind it. There is of course a danger in overemphasizing cost control, as noted in the previous chapter. An off-handed observation by one fiscal officer perhaps makes the point:

> When we sought to control and reduce overtime commitments, our district managers were told in no uncertain terms to stay within their overtime allocations by tightly controlling how much overtime they authorized. Some district managers have carried the directive too far, failing to authorize overtime in instances when it was clearly called for. Unfortunately, I think that we may have left some of these managers with the mistaken impression that our only objective was to reduce overtime, down to zero if possible.

INCREASED PRODUCTIVITY: Forecasts of other benefits were far less clearly articulated during the interviews with fiscal officers. This may well reflect doubt that anything can be achieved beyond basic cost control and perhaps cost reduction. However, there were some loosely formed hopes expressed by fiscal personnel in three of the forces that devolution would alert many more managers throughout the organization to thinking of ways to increase productivity through reallocation of resources under their control. The implicit belief underlying an expectation of increased productivity is that if good managers are given control over their budgets they will naturally seek ways of getting the most out of funds by reallocating them from low-yield or low-productivity activities to higher-yield ones. This assumes of course that devolution includes giving lower-level managers the authority to reallocate funds within their units' budgets across both line items and program components. And if not the authority, then they would at the very least need to be provided a fiscal-management environment that encouraged and followed through with suggestions from lower levels for reallocations.

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The degree to which lower-level managers will be permitted to make realloca-tions in their budgets is far from a settled issue in Australian policing. It is indeed far too early to judge whether devolution will come to establish a fiscal environment that seeks not only better control over expenditures but increased productivity as well. And as discussed in the next chapter, focusing on in-creased productivity will require that Australian police find better measures and methods of performance appraisal--hardly a straightforward task.

IMPROVED MANAGEMENT: Finally, there is the hope that devolution will improve results and outcomes. This last benefit, far from confidently stated by fiscal officers, is a product in part of the belief that management at all levels improves to the extent that impediments to sound management practice are removed or lessened. The relationship between devolution and improved management grows out of practical problems associated with attempting to manage the now typically large and complex Australian police force. Detailed fiscal control from the center developed at a time in Australia when policing was far less complex and when police forces were far smaller. The growth in Australian police forces over the last fifteen years has greatly stressed central administrative structures in particular. The general move toward regionaliza-tion by New South Wales police is a recognition of the difficulties of centrally managing such a large force. In nearly all of the forces there is recognition that tight and detailed financial control from the center is becoming problematic, given the increasing scale of operation in expenditures and in manpower. Thus, besides recognizing explicit benefit associated with decentralization, many view devolution as a practical necessity.

DEVOLUTION IN AUSTRALIAN POLICE AGENCIES

-The largeness of Australian police forces, the great size of service areas, and the mounting internal and external pressures to control costs have combined to force at least a limited implementation of financial devolution in all of the forces. By mid-1987 planning for decentralization seemed most advanced in New South Wales, with provisions for introducing each of the kinds of authority and responsibilities listed above in one form or another. In addi-tion, New South Wales reports that there is a genuine give and take emerging between "Budget and Finance" and the districts in negotiating individual target figures for operations.

At the time of the interviews, Victoria police were planning a pilot test to begin in July 1987 of a district-level fiscal management scheme. Under the new arrangement, district commanders would be given a target budget figure for their unit and asked to propose strategies and allocations for this lump sum according to their unit's goals and missions. The objective is to "give district commanders significant flexibility to manage their operations," which for the first time will include traffic and crime-investigation functions under an in-tegrated district management scheme. Although district commanders will have far greater autonomy in allocating and reallocating their resources, cer-

tain constraints will remain (e.g., the number of authorized personnel positions cannot be unilaterally changed, or earmarked, specified appropriations for set purposes cannot be reassigned, and funds cannot be moved from personnel to 'operations' portions of the budget and vice versa). However, there will apparently be a mechanism to permit the application of salary savings to overtime.

As a part of budget planning (in distinction to the in-year management of funds) district commanders will have input into decisions about the number and mix of personnel within their units. One point of such input is through a new personnel request form that requires district commanders (and presumably others) to justify proposed changes in the personnel complement in accordance with unit objectives and strategies. A second point of influencing the personnel portion of the budget allocation is when comments are requested about the target budget and preliminary budget plan early in the budget planning process. At this point argument might be advanced to change the personnel complement for either the recurrent budget or for policy initiatives.

Somewhat less far-reaching developments were underway in each of the other forces, with developments in these others appearing to concentrate more on assigning new responsibilities than on widening authority. South Australia seems to have an emerging preference that there be budget planning and fiscal management responsibilities at all levels, not just at the top. Unlike New South Wales, however, the plan appears to be to phase devolution in, gaining experience and a feel for how far it can fruitfully be pushed. In the first year of the movement toward devolution regional commanders have authority to control and manage portions of their budgets (five line items within their budgets--overtime, general expenses, stationery, travel and conferences). In support of better financial management as well as devolution, a new computerized general ledger system will permit the tracking of costs by line item and program categories, and will permit disaggregation and tracking of costs down to the individual station.

In Western Australia devolution has begun with the first steps toward having regional managers monitor their commitments and expenditures, especially overtime. Further efforts to decentralize were expected to be initiated during the 1987/88 fiscal year, including the transfer of control and monitoring responsibilities for consumables and motor vehicle repairs to regions and districts. At the time of the interviews, districts and regions were not provided their own budgets in these areas but would be as soon as the data systems were available to support it.

In Queensland, devolution has been limited thus far to providing district and station commanders with both the authority and responsibility to manage their overtime budgets. At present, managers at these levels do not have complete budgets against which to measure and monitor the remainder of their expendi-

tures. In Tasmania there is growing interest in and a spreading of effort throughout the agency to control costs, especially those of overtime. However, for a variety of reasons, probably including the fact that of all the forces it is the smallest, there is less attention currently being paid to issues of devolution than there are in the other state agencies.

As of mid-1987, and with the possible exception of New South Wales, the introduction of decentralized management may best be characterized as cautious experimentation. Traditional forms of management practice, especially those involving money, are not easily changed and pose a powerful force in favor of preserving the status quo among traditional police managers. This is so if for no other reason than that decentralization challenges the long-standing view that the police should be carefully organized to maximize hierarchy, chain of command, and tight top-down control. So, too, increased pressures on forces by governments, as well as the several examples of inefficient resource management which have prompted many of the budget reforms now circulated throughout the forces, generate a nervousness and reluctance to surrender too much control too quickly.

But there are other more practical reasons for being cautious about devolution. In the absence of real-time financial-management information for monitoring expenditures, top command rightfully will remain wary of full-blown devolution. An inability to monitor the financial decisions of lower managerial levels in a timely fashion means that mistakes (over-expenditures, unwise reallocations, or abuse of authority) will be discovered late, and that an accumulation of such mistakes by managers may pose grave problems for budget balances. The cautiousness is also appropriate because of most police managers' lack of experience and training in managing financial resources. An ·inability to monitor the budget behavior of inexperienced regional, district or station commanders is doubly problematic and poses a practical constraint to full devolution.

Nonetheless, devolution will continue in Australian policing, principally because, as pointed out earlier, it will almost certainly help control costs and expenditures, and because it has become a practical necessity because of the size of forces. It is likely to be only after some time and after managers acquire substantial experience with fiscal-management duties that anyone will be able to determine whether decentralized management improves results as well.

CHAPTER 5
ALLIED DEVELOPMENTS AND PROSPECTS

Although the introduction of program budgeting and decentralized financial management are the two most prominent ongoing developments in Australian police fiscal management, there are other areas of current development that, if continued, will not only enhance general financial management, but will contribute to the further implementation of devolution, and possibly program budgeting as well. Five such areas are briefly reviewed below, and in each case present developments and shortcomings are discussed.

COST AND ACCOUNTING SYSTEMS

Every state police force is in the process of enhancing its expenditure and cost-accounting systems. The specific developments vary from state to state but all include redesigning accounting systems to permit the assignment of expenditures not only to traditional line-item categories (e.g., salaries, overtime, supplies) but also to program or functional areas (and at increasingly detailed program-component levels). These enhancements will be greatly aided by the introduction of computer-assisted data storage and analysis--something Australian police forces have not had available and are just only now acquiring. For example, before July of 1984 Victoria Police monitored a $340 million budget entirely by manual accounting methods. As of early 1987, the internal handling of general-ledger information in Tasmania was done without ·computer assistance; in Queensland the police department maintains its own computerized general ledger to account and cost-center level (i.e., account type by police station), but accounts information must undergo reinput to Treasury's computerized Public Accounts. In Western Australia there was no in-house computer-assisted entry of cost and expenditure information--data were "batched" to Treasury and entered onto its general ledger system.

The shortcomings inherent in traditional force accounting systems has led several of them to review present practice and capacity. One such review concluded with a nearly 50-page listing of current inadequacies, a portion of which included:

> The general inadequacies and deficiencies of the Existing System
> (ES) within the Force are many: ES is a batch processing system
> requiring centralised Data Control facilities. Hence, access to the
> computer is limited and there are no facilities for on-line enquiry
> or ad-hoc reports. Consequently data input and retrieval is slow
> and combine to place an unnecessary workload on Finance

Personnel.... Current methods of processing ES in batch mode means information obtained is not truly representative of the _current_ financial status of the Force....

Inadequate facilities exist for proper Appropriation Control. The Reporting System is inflexible and inadequate for Management purposes. There are no exception reports.... The need for Accounting staff to transcribe information onto coding sheets imposes time constraints on the number of transactions that can be submitted to the system for processing and also increases the possibility of transcription errors....

No mathematical modelling or forecasting facilities exist on ES to assist with internal budget allocations. No interface exists with the Public Ledger or other Administrative Units.... Although funds are allocated down to Job Level (i.e., Program Budgeting Level) the check to ensure there are funds available is performed only on expenditure against allocation NOT expenditure plus commitment against allocation. Furthermore, fund sufficiency is checked only at the highest level of reporting (i.e., Program) not at the more functional and practical level (i.e., Cost Centre). Consequently, if not properly monitored it is possible for cost centres to exceed their allocation, thereby spending funds meant for other Cost Centres.... Sufficiently detailed information to assist in proper Budget Management, cannot be readily extracted from the current system. Non-current commitment figures further increase the difficulty in attempting to exercise proper budgeting. The absence of modeling facilities to assist in Budget Formulation compounds the problem....

The reporting capability of ES is limited and does not allow for an interface between financial and non-financial data. This restriction precludes ES from being able to truly support the policy of Program Budgeting. Furthermore, financial reports generated from the ES system are difficult to understand. Doubts exist as to whether receivers of these reports are able to truly comprehend and use the information as a tool in exercising proper Financial Management.... On average ES is 2-3 weeks behind the true financial position.

There is increasing interest and need in each of the forces to acquire better data and understanding about costs. Some of the need is prompted by questions that originate in Treasury or Government, which arise there out of concern over cost increases. But there can also be detected what appears to be a rapid development of indigenous interest within forces to get better on cost data, prompted no doubt by tightening revenues and increased workloads. This is especially evident with regard to proposing new initiatives. In South Australia, for example, when police managers propose a new initiative or an

expansion of existing programs, they are required to submit requests showing total first-year costs as well as projections of total costs for three years into the future. The total-cost picture is expected to anticipate all personnel as well as all non-personnel expenditures associated with the initiative or with the expansion.

There is also a very practical awareness among budget personnel in Australian police forces of the components of full costs. In Victoria, for example, when a new unit is created or a new initiative is undertaken full-cost analysis includes not only estimating direct and indirect costs of the new operation itself but also "impact costs" on existing operations (these could include costs of lost opportunity as well as costs of increased workload put on existing units from adding the new initiative). In New South Wales, indirect and overhead costs are initially assigned to two program categories expressly reserved for these purposes, and then later they are apportioned among various programs and activities.

Some forces have advanced the art of cost analysis to include ad hoc cost-benefit analyses of alternative approaches to providing services. In South Australia costs-benefit analyses of options have been undertaken principally as a means of providing the most cost-effective use of resources. These have included analyses of lease versus purchase options for a new plane, alternative vehicle-replacement schedules, alternative staffing models for handling removals, and one-man versus two-man patrol options.

Intuitive interest in being able to answer cost questions in specific instances apart, for program budgeting it is crucial to know how funds are apportioned generally across the myriad of responsibilities assigned to police forces today. In Australia, police forces are not now able as part of the normal course of business to engage in such cost apportionment. Without computerization and with expenditures being tracked only according to general line-item categories, it is little wonder that most of the forces at present cannot conveniently disaggregate cost information down to division or station units of analysis, which of course makes monitoring and assessing the operational costs of ongoing programs in these units virtually impossible. Neither has it been possible fully to cost various kinds of ongoing program commitments. For example, it may be surprising to some that traditional cost accounting in most of the forces does not permit answers to questions such as: How much is spent on "X" (total direct and indirect costs)?

This is clearly an impediment to improving fiscal management because, at minimum, efficiency (unit costs) cannot be calculated for various force operations, and cost-benefit analyses of effectiveness cannot be undertaken either. As noted in Chapter 4, full-cost analyses should include assignment of direct, indirect, and overhead costs, and estimates of external costs (externalities). Exhibit 5-1 presents one way to categorize direct, indirect, and overhead costs, and also presents several alternative means of assigning them.

COMPUTER SUPPORTS

As a matter of efficiency in analysis, as well as it being a matter of practical necessity, computerization of financial information systems seems essential if such full-cost analyses are to be done well, if done at all. Australian police forces, like almost all forms of organization in the developed world, are in the midst of a computer revolution that includes acquiring computerized financial-management capability. The development of cost-accounting systems, and the linking of these to new computer hardware and software systems take time. Some Australian forces have taken a year or more to develop highly detailed specifications for tender of proposed financial-management information systems (as they should). Victoria police recently produced a specifications document nearly 100 pages long. Exhibit 5-2 presents several of Victoria's system specifications, extracted from a larger list. Exhibit 5-3 presents a portion of the specifications from the New South Wales system.

The New South Wales police is currently engaged in acquiring and bringing on line hardware and software to support a fully integrated financial-management information system. The system is so multifaceted that it is not expected to be completely operational until 1989 or 1990. The New South Wales system will permit analysis of costs by both line-item and program classifications; regional and district level managers will have on-line access to "real time" cost and expenditure data for their respective operations. The software package will fully integrate general ledger and financial management functions. Importantly, the software package includes a financial-modeling capability to assess the cost implications of alternative programming options. Tasmania, although being tied into Treasury's financial accounts systems, confronts several complexities in acquiring capacity to undertake its own financial-management activities both on Treasury's system as well as through the force's own in-house computers, which are to be tied to those in Treasury.

The timely acquisition of hardware is complicated by the multiple organizational levels requiring access to computer managed financial information. Indeed, it seems generally understood by staff in the various forces that the purchase and installation of computer hardware (mainframes, PCs, and terminals) must be sufficient not only to support central budget planning and monitoring functions but also to support the increased financial-management responsibilities of line managers contemplated under the decentralized models of financial management being adopted. New South Wales is the most committed and on the way to having a fully integrated hardware system throughout the state, with ready PC or terminal access provided managers at all significant administrative levels (the entirety of financial-management operations at all organizational levels will be linked through networks composed of various kinds of equipment).

The New South Wales computer system is the furthest along in development and on-line status. Their hardware configuration for financial-management purposes might simply be described as a mini-computer hooked in one direction to a mainframe and in the other to mini-computers and PC work stations at the regional and district levels. The district levels will be the primary expenditure input points, but managers at all levels will be able to access all of their respective budget and expenditure information and will have real-time access to cost-expenditure information. The software package includes a variety of financial-management tools available to managers at all levels, including, for example, advanced spread-sheet and financial-modeling packages.

In support of decentralized fiscal management the New South Wales system will not only permit access to central data storage but will also allow managers to engage in individualized analyses for planning and cost-analysis purposes. Other states such as Western Australia and South Australia seem equally committed to providing managers at all levels with computer assistance, but the integration of all levels into a single on-line financial management information system is less settled in these other states. Western Australia is currently engaged in an effort to outfit all police stations with terminals and printers linked to central computers for information-accessing functions only. Longer-range plans in Western Australia include placing PCs in all regional offices to permit on-site program and fiscal analyses by commanders. It also seems less settled in other states than it is in New South Wales whether local managers will, besides having access to expenditure data for review and monitoring purposes, be able to input data as well as have on-system data-analysis capabilities.

One problem encountered by forces as computerization is introduced throughout operations is incompatibilities among multiple computer systems ‚and also among a multitude of software systems. South Australia, for example, which probably has longer and more varied experience than the other forces with the use of computers to support management operations finds it difficult now to integrate its computer resources. South Australia's computing capacity grew over time, a bit at a time in somewhat disjointed fashion; now, various agency units use different word-processing systems and, also, many force-wide data sets such as the workload and financial data sets cannot be easily joined for purpose of analyses.

In many states computers and computer systems with dedicated functions are still being added without sufficient attention given to interface among various hardware, software, and functions. For example, the current additions of command and operations computer systems is being undertaken without enough regard to whether other applications can make fruitful use of the new hardware as well as the data being collected and stored to drive the system. In part, consideration may be hampered by concern among managers that computers used in support of operations not be impeded by other uses. The na-

ture of these shortcomings was summarized during discussions with one respondent who characterized efforts to introduce computers into his force as follows:

> We already have a number of computers [mainly PCs] of varying types for individual purposes (personnel, ordering, payroll, workload monitoring, etc.) but they are not tied together and the software used is unique for each. We are now purchasing PCs for each of the regions, districts, and stations, but there is no overall coordination of software and no financial commitment or ability at the moment to link these computers.... Our general ledger data are kept on Treasury's central computer system, but we can't access the information to conduct special studies.... Workload information is analyzed on one of our PC systems, but it cannot be joined to budget and cost information.... We are committed to upgrading our command and operations computer system by placing terminals throughout the state, but I am not aware of any thought having been given to upgrading the system and the communications network in such a fashion that other applications could be tied into this hardware.

A fully integrated management-information system is probably a pipe dream for a variety of reasons (technological limitations, costs, questions about the benefits of such a full-blown system). Nonetheless, for financial management, a computerized data base that marries cost, workload, and performance data-sets is essential if the full promise of program budgeting has any chance at all of being realized. This kind of horizontal blending of data bases will need to be supplemented with a vertical linking of managers at varying levels if the benefits of decentralized financial management are to be realized also.

STAFF SUPPORT AND DEVELOPMENT

There is a general recognition in each of the state's police forces that the fiscal-management knowledge, skills and abilities of staff need to be upgraded. There are three components to present upgrading efforts in several of the states: additional central budget staff, civilian support staff spread further down into the force and development of fiscal-management skills among police managers. All three are requisites of further development of fiscal-management and program-budgeting capacities, and there is growth and development in all three in each of the forces. Improved fiscal management is not without its tangible costs.

CENTRAL BUDGET STAFFS: In nearly every state force the number of central civilian budget staff has increased markedly over the last few years. In New South Wales, for example, civilian support staff has more than quadrupled in the last few years; Queensland's budget-management staff has similarly grown. Furthermore, and increasingly, the central budget staffs in

the Australian police have formal training and education in various aspects of fiscal management. And in some cases the organizational status of administration and finance has improved as well. In South Australia, for example, administration and finance has been given similar status in the organizational chart to that of operations, CIB, etc., and the Director of Administration and Finance has been a member of the department's Senior Executive Group since 1983. And in Western Australia the Secretary has been made a full member of the Assistant Commissioner's Group, which meets as the corporate management group. One reason given for these changes was precisely for the purpose of interjecting more complete budget and cost information into the deliberations of the central policy-making and policy-recommending groups.

The reasons for such growth and enhanced status of central budget units vary somewhat from force to force. Obviously, growth in sheer size of force budgets requires increased staff. But, also, the increased cost-control consciousness forced by state governments has in turn increased expenditure-monitoring workloads of finance sections far beyond traditional levels. And finally, as forces engage in cost-benefit analyses of alternative programs and operational techniques so as to increase efficiency and effectiveness, the analytical chores of finance sections take on greater importance. Further growth in central finance sections is to be expected if pressures continue on police forces to adopt program budgeting and to continue improvements in efficiency and effectiveness.

REGIONAL AND DISTRICT SUPPORT STAFFS: As Australian police forces move to decentralize budget-planning and budget-management responsibilities to increasingly lower levels, managers at these levels need to be given appropriate supports to perform the newly assigned functions. Data, training, and civilian support staff are variously being considered by the forces as necessary supports. With regard to data, accounting and reporting systems are now in place or being put in place in all of the forces and will provide regional and district managers with at least 30-day if not real-time information about expenditures and budgets under their supervision. This in itself represents a significant departure from past practice in several of the forces as these managers typically had little or no means of monitoring unit expenditures and were never either given a budget to manage or even apprised of their budgeted expenditure levels.

If the full range of authority and responsibilities discussed in Chapter 4 are assigned to district and regional managers, and if in particular these responsibilities include data entry, cost monitoring, and cost analysis, substantial new clerical as well as managerial tasks will be added to the jobs of these managers. Computers will ease some of the workload as well as improve the amount and level of monitoring and analysis. However, in most if not all Australian police forces that adopt decentralized management, devolution will not simply transfer existing monitoring and analysis but rather increase the amount of both taking place throughout the forces. In some forces, devolution

will mean that expenditure monitoring, cost control, and financial analysis will be done for the first time by operational personnel. Requirements for staff to do clerical chores will increase, as will the need for professional analysts who can assist police managers in findings ways of more efficient and effective management.

The addition of civilian fiscal-management staff at district and regional levels is under active consideration in several forces. In conjunction with the pilot testing of its decentralized district-level financial-management scheme, Victoria hopes to provide 2 or 3 civilian budget and financial-management support staff to assist district commanders in their new budget-planning and budget-management responsibilities. Longer-range plans in Victoria call for 2 to 4 civilian support personnel for district managers. New South Wales has similar plans for enhancing staff support at its new regional levels and also at district levels.

How soon any of these positions would be authorized and filled, and how deeply forces and governments are committed to enhanced staffing was not clear as of early 1987. For example, although Victoria police have had substantial growth in civilian employment in the agency over the last decade, there was a reluctance to assume too readily that additional budget-support personnel could be added, given the budget climate at the time. Recently, South Australia requested 12 additional public servants to assist field commanders with their increased fiscal-management responsibilities; Treasury's response was to suggest transfer of existing positions from central staff. As a "temporary solution," regional commanders have each been assigned a contact/liaison person in the financial section to provide them with necessary assistance. Unfortunately, however, to the extent that these persons are already fully occupied, their availability to support new district financial-management tasks will be limited.

It is clearly recognized, nonetheless, in all of the forces currently adopting decentralized models that more staff is essential. The importance, it is understood, cuts to the center of whether program budgeting and devolution will have any of their intended effects. As one man interviewed put it:

> The addition of both program budgeting and district-level budgeting has broadened the work of everyone. A mark of how serious we are about these changes will be whether we obtain the necessary new staff to go along with them.

TRAINING: Given shortages in staff support and the improbability of significant additions to civilian budget staff in several states, the enhancement of training opportunities for police managers in budgeting and financial management take on added importance. Several forces already have plans to develop fiscal-policy and delegations manuals to guide managers. All of the forces are providing some introductory material to command personnel on fiscal

management matters. A sampling includes that in Western Australia and in Victoria, where superintendents' and command courses now contain presentations by finance personnel regarding budget management requirements. In Queensland every commissioned officer is now required to complete a section on financial management as part of the commissioned officer training program. As many of these training requirements are relatively new, it can be anticipated that further curriculum development will be required as experience is gained and as budget responsibilities of managers increase.

To date New South Wales has planned the most far-reaching and systematic training program of police managers in fiscal-management techniques. All district commanders and their relevant support staffs are being put through a three-day fiscal management curriculum. In addition, there are plans to offer individualized on-site technical assistance training. In New South Wales the on-site training will be provided to district-level top management (emphasizing the managerial aspects of budget planning and fiscal management) and to "clerical" staff (emphasizing financial-data input and processing functions). Visits by central finance personnel to districts and regions increasingly involve technical assistance and on-site training (both formal and informal) regarding increased fiscal-management responsibilities of managers at these levels. Such technical-assistance visits are not, of course, unique to New South Wales. Budget and finance personnel in each of the other forces (especially Queensland and South Australia) commented on the increased time they and their staffs now spend in "educating" field commanders on budget and finance matters.

Many will believe that requisite training can be provided relatively quickly, and, once done, that there will be little or no need for continuing fiscal-management education. Such beliefs are partly supportable and partly in error. Basic fiscal-management skills can be acquired relatively quickly--assuming of course that managers are personally and intellectually suited to undertake such new responsibilities. And it is possible that they can be acquired in an intensive program of a few days to a week or two in length. The curriculum for a weeklong program designed by the author for both top and middle-level police managers in the United States is outlined in Exhibit 5-4. The emphasis of this particular curriculum is providing a managerial approach to budgeting and financial management; such an approach focuses on the policy and operational implications of various decisions about resource acquisition and allocation. It might also be noticed that the subject matter includes segments on cost accounting, performance appraisal, cost and revenue forecasting, problem and need analysis, request justification, and local procedures.

However, the core of sound financial management lies in its practice. Practices evolve, new techniques are learned, and procedures change. Each of these suggests the importance of refresher training for managers, not only so that they can be apprised of new procedures, but also that they learn from one

another's experiences. So, too, some fiscal-management techniques, especially those of performance measurement and cost-benefit analysis are neither quickly nor easily learned. They require specialized and advanced training. And finally, as staff changes, both professional and clerical, provisions must be made for basic training on an ongoing basis.

All of this suggests a need for something more than a one-shot introductory program in fiscal management provided as program budgeting and devolution are introduced. Australian forces need to institutionalize training opportunities in fiscal management on an ongoing basis. At present, attention is understandably drawn in the forces toward designing and providing the first shot of training for managers and their staffs. However, little detectable attention seems directed toward the longer-range needs of personnel for training. The danger is that longer-range and ongoing needs will be forgotten or put off. Perhaps it would be useful for top management in each force to consider at minimum an annual meeting of relevant managers and support staff to discuss fiscal matters. Such a meeting could coincide with initiation of the annual budget-planning cycle, and include not only briefings related to that, but discussion of problems, exchange of information, and training components as well.

Experience is ultimately the best teacher in matters of fiscal management. For most police managers, a basic course such as the one outlined above, coupled to experience and the availability of technical assistance, will greatly improve their fiscal-management skills. Continuing education that permits a sharing of the pool of acquired skill is part of the benefit that could result from regular schedule of training in fiscal management.

PERFORMANCE MEASUREMENT

Ultimately, the measurement of payoff from any attempt to improve management practice is in performance. The assessment of police performance is made tremendously complex by several factors. First, police confront multiple goals (e.g., crime prevention, law enforcement, public safety and tranquillity) and many of the goals are in conflict (e.g., apprehension of criminals and protection of individual rights). Second, police performance is affected by a myriad of factors over which forces have marginal, little, or no control (e.g., economic cycles, incidence of criminal behavior, changes in the law, as well as the law itself). Third, many of the objectives of policing are without readily available and agreed-to quantitative measures (for example, which measures are appropriate for calculating police performance with regard to law enforcement or public tranquillity). It is not that measures for these and others don't exist, but rather that their measurement often requires extensive data collection, and, then, often qualitative and subjective judgments of what constitutes the appropriate measures. Exhibit 5-5 provides a summary of police performance criteria and associated measures developed by Harry Hatry et al as part of long-term research into developing public-sector performance measures.

Finally, the appraisal of performance is especially problematic when the objective is to conduct cost-benefit analyses of alternative resource-allocation decisions. The principal difficulty is the usual complexity involved in being able to establish connections from resource-allocation decisions through programs and activities to outcomes (in being able to predict, for example, a decline in burglaries from a reassignment of manpower, and then to measure the benefit from the decline). Such difficulties have been recognized in Australia, leading one commentator to remark:

> ...when we do not really claim to know how our activities affect the obvious numerical measures (like the crime rate or the clearance rate), we cannot be sure that wise management (as we understand it) will improve these measures. It is obviously dangerous for the Force to propose, or the Government to accept, program objectives whose achievement depends more on chance than on good management.
>
> The picture is not quite as black as it has been painted, however. There may be no agreement about how best to prevent crime, or what effect can reasonably be expected from a given policing strategy; but there is general agreement that all of the Force's current activities (well, most of them) make a positive contribution to reducing crime rates and increasing public safety. We can accept this as a starting point and frame objectives that relate to the way we set about the job rather than the ultimate effect of police work.
>
> My suggestion here is that we should look on the Force as providing a service which aims to prevent crime, keep the peace, safeguard lives and property and so on. We should set program objectives framed in terms of the quality of each type of service provided. So, for instance, instead of making it our objective to reduce the traffic fatality rate per hundred thousand people (or per ten thousand vehicles or per thousand million kilometers driven) by x%, we instead aim to achieve a specified frequency of traffic patrols on all roads with more than a given accident rate.
>
> Instead of making it our objective to increase the burglary clearance rate by a given percentage, we might aim instead to initiate community crime prevention programmes in all C.I.B. Divisions where the burglary rate exceeds a set figure. Other possible objectives could be to reduce the average delay in answering "urgent" D24 calls by a specified percentage, or providing specified levels of police patrols in cars and on foot in all areas of a given type.

The strength of this approach from a program budgeting point of view is that it provides the Force with numerical objectives which can be reduced to standard rates (manhours per thousand population, for instance). The degree to which these objectives are met can be measured by returns of the kind we have been accustomed to collecting, and the cost of meeting them - the resources expended on each program - can also be met, and areas of efficiency and inefficiency can be located and studied. The effect of a transfer of available resources from one program to another can be estimated, so decisions about resource allocation can be made on the basis of knowledge, not intuition (Macneil, 1984).

An approach such as this begs the ultimate question of benefit. However, the complexities of appraising performance have led most police forces both in Australia and elsewhere to take such a practical approach or to concentrate assessment on traditional criteria, which are then usually reported in the aggregate. Such criteria typically include reports of crime rates, physical casualties, property loss, arrests, clearance rates, response times, etc., but typically do not include measures in "softer" areas such as fairness, citizen perception, and quality of arrests. All such measures are important to develop a complete picture of performance set against the multitude of agency goals. But the more we seek to measure, the more it costs, and sometimes the more it confuses.

Financial performance audits in Australian forces, and those conducted by governments on force budgets tend still to focus on the least complex and (with respect to the measurement of productivity) the least useful type of audit: the audit of financial and legal compliance. Audits of this type are principally concerned with whether money is spent as authorized and with whether applicable laws and regulations have been complied with in doing so. Efficiency audits, just now beginning to emerge with any regularity in Australian forces, focus attention on discovering uneconomical practices and on assessing how efficiently resources are managed. Audits of effectiveness that focus attention on whether objectives and desired results are achieved are not commonplace. It is this last form of audit of financial performance that is the focus of program budgeting.

There is no easy way to improve the measurement of police performance or to enhance its use in resource-allocation decisions, or in budget formulation and justification. Yet, these are precisely what program budgeting demands, and it is also what is expected when governments call for increased productivity and value-for-money budgeting. A first step has been taken in this direction by Australian forces as they increasingly acquire the capacity to assess the full costs of various operations, programs, and activities (as previously noted, however, additional development in this area is required). The second and more important step will be in being able to tie specific resource-allocation decisions to improvements in both efficiency and effectiveness.

With regard to measuring changes in efficiency and cost, promising developments are emerging as forces increasingly focus energies on finding means to reduce costs (example of such reported in Chapter 4). With regard to measuring improvements in effectiveness, however (that is, measuring whether objectives such as those listed above are enhanced), there is much distance to be traveled by Australian forces (as well as by others worldwide). True measurement of productivity will be possible only when the costs of operations directed toward certain objectives can be set against outcomes in reaching those objectives. This means that budget management and decision making must incorporate a concern for more than just financial matters (and financial data) and come to include workload and productivity data as well.

WORKLOAD ANALYSES AND FISCAL MANAGEMENT

Workload analysis provides a means for gauging both the amount and kind of demand put on a force and also the basis for assigning resources, especially human resources. Because policing is labor-intensive, the focus of most workload analyses is on how available human resources should be distributed among units as well as among programs or functions. Additionally, as might be expected, workload analyses are used to measure the need for further positions and to provide supporting documentation in the eventuality of requests for additional personnel. Queensland, for example, has experimented with quantitative manpower-forecasting formulas which, for general policing, include variables such as offense rate per capita, clear-up rate per capita, average household income, percentage of crimes of a violent nature, and size of the service area.

·Most workload-analysis systems that have been designed for police, however, have direct application to operations rather than to budget analysis per se. Mostly, the idea is to permit manpower-allocation decisions to be based on hard data rather than just on spotty recall, assumptions, or folklore, and through this to offer operational managers up-to-date views of workloads in their areas and to guide the operational assignments of personnel. It is not that such systems cannot be used for budgeting-planning and fiscal-management purposes or that the data provided by them are ignored in overall budget planning efforts. Rather, it is that the systems have principally been designed to support operations analysis and operational decisions instead. In many forces, the division between operational and financial-analysis applications is helped along by the fact that workload-analysis units are housed administratively in police operations units.

PIMMS and DISC projects in Victoria police are computer-assisted data-entry and data-analysis systems designed to provide commanders and other personnel with current information on the occurrence of crime in their districts (including place, time, type of crime and certain "event" information such as names of individuals present, license plate numbers of cars in the vicinity,

etc.). The short-range management objective of the system is to provide commanders with constantly updated views of what is happening in their districts. In the longer range, PIMMS/DISC information bases are intended to be used to assess patterns of criminal events so that district commanders can focus human and other resources in certain times and places on a planned rather than a reactive basis. There is, however, no planned use of the system or its information to support the budget-planning responsibilities of district commanders. This could be accomplished rather directly by placing dispatch time-in and time-out data on the system, which in turn would permit making rough approximations of the personnel costs of certain kinds of criminal events. In budget planning, such information could be used not just to reposition existing personnel but could also be used by budget and finance to assess overall personnel and other support requirements as well.

South Australia has been systematically collecting workload information for over twenty years, and the system they pioneered for setting manpower time allocations to workload events have been adopted by other forces as well-- Tasmania, for example. See Exhibit 5-6 for South Australia's time allocations for jobs in metropolitan and country areas; also see Exhibit 5-7 for Western Australia's.

South Australia's data are being placed on computer (as is Tasmania's), and as several years of data are acquired, longitudinal analysis of workloads and the more systematic analysis of workloads across units becomes possible. This ought to provide essential information for longer-range budget forecasting purposes. Queensland, Western Australia, and New South Wales are also collecting workload data. In several of the states, however, a principal policy consequence of these workload analyses is equalizing workload/manpower ratios across-districts and regions rather than undertaking more involved longitudinal analyses of need, or for assessing the impact of varying workload/manpower ratios. In most of the states it was clear that workload data are not systematically married to fiscal data and systematically analyzed for determining resource needs and for supporting resource allocation decisions as they could be.

As noted earlier, problems of interface between various management information systems in forces is nowhere more evident than when looking for connections between operations command systems and financial-management systems. One highly placed police administrator with both significant operational experience and substantial responsibilities in the area of developing a management information system observed that "the police were the original data collectors.... We already have in one form or another most of the data necessary to run a program-budgeting system. The great problem is that we haven't devised an efficient means of putting all of the bits and pieces together."

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This is a problem common to all the forces. There is limited or no capacity to join workload, line-item expenditure, and program-expenditure data sets below the overall agency level. If such capacities existed, better workload-resource allocation analyses at regional, district, and station levels could be undertaken; and they will need to be if substantial improvements in resource-allocation decisions are to progress beyond those supported by mere cost-cutting strategies. Acquiring such data-set interconnections and compatibilities will of course be aggravated, if the computerization continues apace in a disassociated fashion. The solution lies not just in solving this but also in the finance and operations sections of forces becoming more closely connected in assessing resource needs.

THE CONTEXT AND FUTURE OF REFORMS

Recently published research findings about fiscal-management developments in industrialized democracies (Schick, 1988) suggest that large-scale budget reform movements such as program budgeting have been played out worldwide and have been found to have limited value. Massive structural reforms inherent in adopting program budgeting or zero-base budgeting seem to have been more suited to times of resource growth than to times of no growth or cutback. Current developments in several European countries and in Japan, Canada, and the United States, appear now to be headed in the direction of turning claimants into conservers.

Under traditional approaches to budgeting, claimants are those such as agency heads who view their primary role as making sound cases to acquire additional resources. Conservers (e.g., those in government budget offices) view their role in the budget process as resisting the new claims. As public revenues tighten worldwide, the major recent reforms have been on transferring the responsibility for conservation from the central budgetary apparatus to the agencies themselves.

Experiments to relocate conserving behaviors include "scrap and build" strategies whereby funds for new program initiatives can only be secured by scrapping less effective programs. Across-the-board reductions to all agencies followed by uneven restorations based on altered priorities or special needs is another variant practiced in several nations. Two particularly important additional reforms have included the decentralization of budget management, coupled to a relaxation of traditional line-item budgeting controls, and incentives to agency managers to create savings in operations.

All of these more recent reforms are emerging in Australia as important components of contemporary budget-management practice. Victoria seems at the moment at least to be in the forefront of introducing notions of across-the-board reductions coupled to uneven restorations. There is interest in adopting "shared benefit" notions of how to reward agencies and managers who find cost savings. Under one plan state government and agencies share in

funds released through the discovery of cost saving techniques, agencies being permitted to keep a percentage of savings for purposes and programs as seen fit.

Forecasts of almost any kind are risky. However, if one were to be made regarding the adoption of program budgeting in Australian policing, it would be that other reforms such as decentralization, value-for-money budgeting, incentives for managers to find savings, and programmatic rather than across-the-board redistributions of the budget will be pursued with greater vigor and effect over the next several years.

As reported in earlier chapters, there is little evidence that the development of program budgeting has progressed beyond elementary stages in Australian policing, nor should it necessarily. The technical and political impediments to further development increase the probability that little additional meaningful development can take place. So, too, aside from program budgeting being a useful way to think about the value of various resource allocation decisions, the tangible benefits of program budgeting have usually defied concrete measurement whenever tried throughout the world.

However, evidence seems already to be emerging of the effects of other reforms such as decentralized fiscal management and improvements to financial information systems. These latter reforms are likely to continue in Australia, both as a response to increased financial constraint and as a means of managing increasingly large and complex organizations.

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CHAPTER EXHIBITS

Exhibit 3-1

Victoria Police Force Program Budget Structure

Police-Corporate Services	Administrative Services	Executive Management
		Finance Services
		Personnel Services
		Information Services
		Office Requisites and
		  Services
		Payments in lieu of
		  Long Service Leave
		Financing Charges

	Professional and Technical Services	Logistics Communications Forensic Records

Police-Community Safety and Security	Administrative Support Services	Management and
		  Supervision
		Complaints Investigation
		Facilities
		Office Requisites and
		  Services

	Proactive Policing	Visible Police Presence Police Community Involvement Security On-Call Availability
	Reactive Policing	Accidents Response Contingency Response Recall to Duty
	Enforcement	Judical Non-judical

Police-Crime Investigation	Administrative Support Services	General Support Facilities Office Requisites and Services
	Investigations	Crimes Against Person Crimes Against Property Crimes NEC
	Intelligence	Operations Analysis
Police-Road Traffic Control, Safety and Enforcement	Administrative Support Services	Administration and Planning Policy and Information Facilities Research Office Requisites and Services
	Enforcement	Support Services Patrol Prosecutions
	Education	Juvenile Community

Exhibit 3-2

A Portion of South Australia's Police Program Structure

SECTOR	PROGRAM	SUB-PROGRAM
Police Services	Crime prevention and General police services General Country police services Special police services Firearms control	General metropolitan police services
	Crime detection and Investigation services	General criminal investigation services Specialist criminal investigation services Licensing of marine store dealers secondhand dealers and hawkers
	State security services	Special intelligence services General security services for dignitaries
	Police community liaison education and information services.	
	Determination/institution of criminal proceedings	Adjudication and institution of proceedings re alleged child offenders Adjudication re alleged adult-offenders Institution of proceedings regarding alleged adult-offenders Administration of traffic infringement notice expiation system
Prisoner Detention and Correctional Services	Prisoner detention services	Prisoner detention and security in police institutions
Emergency Services	State disaster plan, control and relief	Planning and co-ordination Disaster preparedness training Assistance to State Emergency Service units Government Disaster Operations and Maintenance Centre services

		Rescue Services	Underwater recovery services Sea rescue services Search and rescue services Other rescue services

Transport
Safety
	Road Safety		Policy Development
			General traffic patrols and
			  law enforcement
			Accident prevention
			Accident investigation
			Traffic direction and
			  management
			Road safety education

SUB-PROGRAM ACTIVITY		COMPONENT
General Metropolitan Police Services	Metropolitan Mobile Patrols	Any of the following; Arrests, reports, cautions, working with or assisting non patrol units, enquiries, coroners/mortuary duties, objective policing/premises, patrolling/beat duties, checking bona fides, message delivery, attending disturbances, general assistance searching for/locating persons and property, traffic control, attending accidents, providing escorts, attending special events, supervision duties, court orderly, court witness, Juvenile Aid Panel, conveying people and correspondence, transport/checking/preparing of departmental fleets, preparing/checking issued equipment, attending parades/lectures/training, giving talks, external training, study/research, completing paper work/typing and general fatigue duties. Normally working from Central Police Headquarters, Adelaide but all operational police officers perform foot patrols at different times.
	Foot Patrols	Foot patrol personnel are also expected to perform any of the duties listed above, apart from those specifically appertaining to the use of vehicles.
	Horse & Bicycle Patrol	Similar duties could be performed as listed for other patrols.

Metropolitan Police Inquiry Services	Service of summonses, executing warrants, investigating designated Crime Reports, accident enquiries, handling any other enquiries-for other government departments-misc.
Metropolitan Police Station Services	General counter enquiries from public telephone enquiries and station switchboard, taking Accident and Crime Reports, court orderly duties, handling police cash, attending to station telex and radio message traffic and other general office fatiques.
Crime Collation Services	Collation and dissemination of pertinent regional crime information. Maintain record of criminal activities occurring within Region and advising other regions of cross reference material. Analysis of crime trends and advice to Regional personnel re same by daily and special circular.

Exhibit 3-3

VICTORIA POLICE PROGRAM RESOURCES

	Actual 1982/83 ($'000)	Estimate 1983/84 ($'000)
PROGRAM EXPENDITURE		
Police Corporate Services	82,382	98,734
Police - Community Safety and Security	155,630	156,456
Police - Crime Investigation	36,956	37,223
Police - Road Traffic Control Safety and Enforcement	29,413	29,938
TOTAL POLICE RESOURCES	304,381	322,351
SOURCES OF FUNDS		
Annual Recurrent Appropriations	288,942	292,628
Special Appropriations	26	35
Works and Services Appropriations	10,658	13,874
Total Appropriation	299,626	306,537
Trust Funds	723	340
Other Sources	4,032	15,474
TOTAL POLICE RESOURCES	304,381	322,351

VICTORIA ITEM OF EXPENDITURE ANALYSIS	1982-83 Payments	1983-84 Estimate
1. Salaries and Payments in the nature of Salary--		
Salaries and allowances	228,116,038	230,470,000
Overtime and penalty rates	7,211,245	6,810,000
Payments in lieu of long service leave, retiring gratuities	3,350,817	3,300,000
	238,678,100	240,580,000
2. General Expenses--		
Administrative Expenses (traveling and subsistence; office requisites and equipment, printing and stationery; books and publications; postal and telephone expenses; motor vehicles and Police Air Wing--running expenses; fuel, light, power and water; incidental expenses.)	22,432,113	24,379,000
Motor vehicles-replacement cost and of new vehicles	2,550,180	2,310,000
Electronic Data Processing--expenses	429,530	636,000
personal equipment, uniforms, clothing, and bedding	1,104,805	996,000

Radio, photographic, scientific and training equipment and materials	2,514,435	2,630,000
Contribution to Central Fingerprint Bureau, Sydney	160,000	115,000
Transport of prisoners, search parties and traffic school--travelling expenses, etc.	227,182	230,000
Burials	5,120	10,000
Provisions for police hospital	37,599	38,100
Pay-roll Tax	14,086,456	14,220,000
State Employees Retirement Benefits Fund-- Contribution	10,999	15,000
	43,558,419	45,579,100
3. Other Services	6,667,234	6,429,600
Total Division No. 187	288,903,753	292,588,700

VICTORIA
POLICE - COMMUNITY SAFETY AND SECURITY PROGRAM
(Sub-Program Expenditure)

	Actual 1982/83 ($'000)	Estimate 1983/84 ($'000)
SUB-PROGRAM EXPENDITURE		
Administrative Support Services	52,767	53,219
Proactive Policing	45,667	46,004
Reactive Policing	44,926	44,941
Enforcement	12,270	12,292
TOTAL PROGRAM BUDGET	155,630	156,456
SOURCES OF FUNDS		
Annual Recurrent Appropriations	153,336	154,540
Special Appropriations		
Works and Services Appropriations	1,718	1,794
Total Appropriation	155,054	156,334
Trust Funds	477	122
Other	99	
TOTAL PROGRAM RESOURCES	155,630	156,456

POLICE - COMMUNITY SAFETY AND SECURITY PROGRAM
        (Item of Expenditure Analysis)

	Actual 1982/83 ($'000)	Estimate 1983/84 ($'000)
RECURRENT		
Salaries and Wages	139,363	139,963
Payroll Tax	8,304	8,378
Administration Expenses	1,053	1,040
Vehicle Expenses	4,868	4,989
Other Transaction		
Radio, photographic, scientific and training equipment and materials	157	126
prisoner transport, search parties-travelling expenses, etc.	<u>167</u>	<u>166</u>
Total Recurrent Spending	153,912	154,662
WORKS AND SERVICES		
Annual Provisions	461	621
Major Projects	1,257	1,173
TOTAL PROGRAM SPENDING	155,630	156,456

Adapted from Richard Knight (1984)

Exhibit 3-4

Descriptions of the Victoria Police Programs

1. <u>Corporate Services Program</u> which is responsible for providing
    management and the three operational programs with a wide range
    of administrative, professional, technical and scientific services to
    ensure the operations of the Force are maintained at optimum level.
    These services are provided through two sub-programs being Ad-
    ministrative Services and Professional and Technical Services.

    The Administrative Services sub-program includes executive
    management as well as personnel and training services and financial
    and clerical services.

    The Professional and Technical Services sub-program includes the
    Forensic Science Laboratory and the vast records service which
    provides among other things criminal histories, fingerprints and
    crime statistics. The sub-program also includes motor vehicle and
    Air Wing operations, the communications network including the
    Radio Electronics Division, D.24 operations, the Computer Systems
    Division and the planning offices. Supply and maintenance services
    for all programs are supplied by this sub-program.

    The program has the objective of ensuring that the operational
    programs are provided with adequate support to enable the effective
    attainment of their objectives.

2. <u>Community Safety and Security Program</u> which encompasses the
    visible police enforcement arm throughout the State of Victoria, but
    excludes traffic enforcement which is in the Road Traffic Control
    Safety and Enforcement Program. The program elements embody
    23 geographic Districts supported by specialist groups such as the
    Protective Security Group, the Dog Squad, Water Police and Search
    and Rescue Squad. The program embraces three operational sub-
    programs being Proactive Policing, Reactive Policing and Enforce-
    ment.

    The Proactive Policing sub-program provides the general crime
    prevention service as well as the continuous maintenance service to
    the community. The sub-program operates the State's 352 police
    stations which provide foot and mobile patrols and public access to
    the police service. Mobile patrols are maintained 24 hours a day
    with the aim of responding, in the shortest possible time, to calls for
    assistance from any member of the community. Activities are also
    directed towards fostering community involvement through initia-
    tives such as the Police Community Involvement Program (PCIP),
    Neighbourhood Watch and Safety House. These activities are
    aimed at sections of the community which have a specific need in
    relation to the police role.

    Reactive Policing sub-program relates to the response to all inci-
    dents including crimes and accidents. Specialists and equipment are
    available to support operational personnel in contingency situations
    such as crowd control, hostage siege situations, disasters and
    searches.

The Enforcement sub-program incorporates the processing of judicial and non-judicial matters, resulting from the activities of this and the other programs.

The program has the objective to promote a community awareness of safety and security by maintaining a realistic "response" to calls for assistance, increasing the visible police presence, increasing the number of twenty-four hour police stations and encouraging a greater public participation in crime prevention and maintenance of good order.

3.   Crime Investigation Program.   The program has three sub-programs which characterise the Crime Department, being Investigation, Intelligence and Administration. The Investigation sub-program embraces all Criminal Investigation Branch Divisions throughout the State and all the specialist squads. In 1983/4, there was a continued increase in the incidence of reported crime. The clearance rate, which relates to the number of successful investigations, some of which reveal that no affiance has been committed, decreased.

The Investigation sub-program has in excess of 980 detectives plus support staff located in 50 metropolitan and 28 country Criminal Investigation Branch Divisions which are supported by 11 squads operating from the Criminal Investigation Branch Headquarters. Specialist squads concentrate on crimes such as homicides, armed robbery, rape and arson. These squads support the Divisions in the investigation of crimes to ensure that the concern of the public is reduced and offenders are quickly detained.

The Intelligence sub-program relates to the intelligence gathering and analysis required to monitor criminals and criminal activity. Intelligence is an integral part of the investigation process. As new criminal activities are identified it is essential that participants and organizations are monitored to ensure that the community is protected from their activities. Organized crime requires special initiatives and to this end a number of task forces have been formed to concentrate on particular criminal activities.

The Administration sub-program provides the training facility for detectives and the manpower required to manage the day to day running of the program as well as providing the co-ordination to handle contingency matters as they arise.

The objective of this program is the investigation of crime, particularly more serious crime against persons and property, so as to achieve a clearance rate to a point where the possibility of detection becomes a major crime prevention consideration. A secondary objective is to select and train the personnel necessary to achieve the primary objective.

4.   Road Traffic Control Safety and Enforcement Program.   The program comprises three sub-programs, viz., Administrative Services, Enforcement and Education. The program provides the patrol service for the State road system to ensure the safety of the user.

There are four metropolitan Divisions and five country Regions in the program, with personnel and vehicles to undertake preventative patrols and detection patrols. Preventative patrol is dependant upon the actual sighting of police by motorists who, whilst in sight of police, comply with the laws thus reducing the risk factor to all other road users. The detection activity is identified with the use of speed measuring devices such as digitectors, radar and more recently cameras placed at intersections in the metropolitan area to detect drivers who disregard the Traffic Control Signals.

The program also provides driver training for all police officers from a base level to an advanced pursuit competence. The Police Accident Investigation Committee is located in this program. Other activities include the operation of vehicle safety (roadworthy) testing units and input from the research group to other Departments and organizations. Foot personnel control city intersections and traffic movement on occasions such as sporting events, VIP visits, Moomba and other special events. The education of the community in road use is becoming a necessary service in this program and is presently achieved through the media and, on occasions when personnel are available, contact with community groups and more emphasis in schools.

The program has the objective to reduce loss of life, personal trauma and subsequent economic loss resulting from road accidents.

Victoria Police

Exhibit 3-5

Queensland Line-Item Budget

ESTIMATES OF EXPENDITURE—1986-1987

The Deputy Premier, Minister Assisting the Treasurer and Minister for Police

Number of Persons			Code Ref.	SALARIES AND CONTINGENCIES		
1985-1986	1986-1987			Appropriation for 1985-1986	Expended 1985-1986	Required for 1986-1987
				$	$	$
		DEPARTMENT OF POLICE—*continued*	PO			
		State Emergency Service	02			
48	50	SALARIES	01	998,000	1,057,414	1,133,000
		CONTINGENCIES (SUBDIVISION)—				
		Allowances—Pay-roll		106,000	125,718	*
		Travelling and Relieving Allowances		67,900	61,006	*
		Fares, Freights, Printing, Stores, &c.		105,000	104,532	†
		General Contingencies		315,000	281,441	†
		Purchase of Motor Vehicles. &c.	06	220,000	231,768	246,500
		Maintenance of Helicopters and Motor Vehicles	07	1,057,100	1,232,032	1,318,900
		Pay-roll Tax	08	57,100	56,941	63,600
		Grants to Local Authorities for State Emergency Service Activities		206,800	207,600	‡
		Accommodation S.E.S. Local Government Level		169,500	142,253	‡
		Expansion of Activities		40,000	39,826	†
		Vehicle Subsidy at Local S.E.S. Level		30,000	12,000	‡
		Expansion of Computer Facilities		69,000	68,463	†
		Allowances and Travelling Expenses	15	..	..	213,000
		Equipment, Materials and Incidentals	16	..	..	567,000
	*	Assistance to Local Authorities	17	..	..	447,600
		Cash Equivalent of Long Service Leave	18	..	..	10,200
		TOTAL CONTINGENCIES		2,443,400	2,563,580	2,866,800
48	50	TOTAL	$	3,441,400	3,620,994	3,999,800

* Now provided under Allowances and Travelling Expenses.
† Now provided under Equipment, Materials and Incidentals.
‡ Now provided under Assistance to Local Authorities.

THE DEPUTY PREMIER, MINISTER ASSISTING THE TREASURER AND MINISTER FOR POLICE

Number of Persons			Code Ref.	SALARIES AND CONTINGENCIES		
1985-1986	1986-1987			Appro-priation for 1985-1986	Expended 1985-1986	Required for 1986-1987
				$	$	$
		DEPARTMENT OF POLICE	PO			
		Police	01			
		SALARIES—				
		Deputy Premier, Minister Assisting the Treas-urer and Minister for Police ($78,641 pro-vided under Legislative Assembly)				
		OFFICE OF COMMISSIONER OF POLICE—				
1	1	Commissioner of Police		67,268	69,527	71,500
811	823	Staff		13,105,732	13,508,843	14,543,500
812	824			13,173,000	13,578,370	14,615,000
5,451	5,665	EXECUTIVE		113,081,258	115,970,941	125,183,660
		Less Payable by Other Departments (34)		792,158	744,913	908,660
				112,289,100	115,226,028	124,275,000
		TOTAL SALARIES..	01	125,462,100	128,804,398	138,890,000
		CONTINGENCIES (SUBDIVISION)—				
		Wages..	02	1,457,500	1,453,954	1,529,900
		Overtime and Pay for Statutory Holidays, &c.	03	9,410,300	9,474,686	9,920,000
		Allowances—Pay-roll	04	18,158,600	18,908,773	19,667,800
		Travelling and Relieving Allowances	05	3,126,750	3,248,844	3,375,400
		Fares, Freights, Printing, Stores, &c.	06	4,486,950	4,491,929	4,814,300
		General Contingencies	07	7,181,300	6,805,624	8,355,800
		Purchase of Motor Vehicles and Motor Cycles	08	9,702,800	9,317,104	10,812,500
		Maintenance of Motor Vehicles, &c.	09	7,421,100	7,381,544	8,793,800
		Radio and Other Equipment	10	4,333,600	4,698,919	4,282,800
		Uniforms..	11	1,731,000	1,591,247	1,852,200
		Pay-roll Tax	12	7,715,700	7,828,173	8,445,300
		Computer Installation	13	3,907,000	4,600,250	1,558,000
		Grant to Queensland Police-Citizens Youth Welfare Association	14	85,000	85,000	91,000
		Grant in aid of Police Superannuation Fund	15	20,030,000	20,030,000	21,200,000
		Cash Equivalent of Long Service Leave ..	16	2,100,000	2,589,414	2,200,000
		TOTAL CONTINGENCIES..		100,847,600	102,505,461	106,898,800
6,263	6,489	TOTAL..	$	226,309,700	231,309,859	245,788,800

Exhibit 3-6

New South Wales Program Statement

Note: This form is to be completed for each individual new program/enhancement proposal.

ORGANISATIONAL UNIT PRIORITY NUMBER

       PROGRAM NUMBER _____

       PROGRAM TITLE _____

1. BRIEF DESCRIPTION OF PROPOSAL

2. STAGE OF PLANNING/AUTHORISATION

3. PROPOSED STARTING DATE

4. INDICATE BRIEFLY THE RESULTS TO BE ACHIEVED AND INCLUDE, WHERE, PRACTICABLE, STATISTICAL EVIDENCE FOR THESE CONCLU-SIONS.

5. CONSEQUENCE OF NOT PROCEEDING WITH THE PROPOSAL - INDI-CATE THE BASIS FOR THIS CONCLUSION.

6. NUMBER OF ADDITIONAL STAFF (Full-time equivalent basis) REQUIRED FOR THE PROPOSAL.

7. DOES THIS PROPOSAL HAVE HIGHER PRIORITY THAN ANY EXISTING ROGRAM BEING MAINTAINED? (Please provide details)

8. INDICATE TO WHAT EXTENT SAVINGS CAN BE ACHIEVED WITHIN OTHER PROGRAMS/ACTIVITIES IN SUPPORT OF THE PROPOSAL. SPECIFY THESE PROGRAMS/ACTIVITIES AND THEIR RELATED SAVINGS, BELOW:

Note: In the interest of conserving space, this form was reduced in size from that which is actually provided to staff. JKH

Program Justification

For each existing program a separate statement is to be submitted indicating in clear and concise terms the reasons why the Government should continue to provide support for the program.

In completing these statements consideration should be given such questions as:

What is the program achieving?

Who is benefiting from the program?

Will benefit be derived from allocating further resources to the program?

Is there a better way of achieving the same results?

Could the resources applied to this program be better utilised elsewhere?

Are statistics available to support the conclusion that the allocation of resources to the program is justified. If so, these should be provided.

The statements are also to contain a brief comment on the likely consequences should funding for the program be reduced or withdrawn.

The program justification statements should be attached to the 1987/88 PS1 forms prepared for each program.

Results/Benefits

It is expected that before completing this section regard would have been had to the following factors:

benefits in relation to costs

importance of the proposal as perceived by those likely to benefit from its implementation

probability of success

relationship to the objectives of the organisation/program

what advantages this proposal has over alternatives considered

whether the proposal duplicates activities in the organisation or those of other organisations

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Note: Narrative on this page of Exhibit 3-6 was extracted from lengthier directions provided as a part of the form. JKH

Exhibit 3-7

South Australia Police
Application for Project Approval

<u>INITIATED BY</u>

<u>PROJECT TITLE</u>

<u>PROJECT OBJECTIVES</u>

<u>REASON FOR PROJECT</u>

<u>DEPARTMENTAL IMPLICATIONS</u>

Proposing Officer _____

___/___/___

Section _____

To O/C _____

For Comment

*Commissioner
*Deputy Commissioner
*Assistant Commissioner

Approved/Not Approved

Project to be undertaken by _____

Signed _____

Exhibit 3-8

Budget Planning Decision Package

BUDGET SUPPORT PACKAGE

Program Area/Activity [   ]

What problem or objective is addressed?

Describe the work program (what will be done and how much).

What will be achieved if funded and what are the consequences of not funding?

What are the alternate levels of operation and ways to achieve the objective?
Which agency-wide objectives are addressed directly by this package?
What services are required from other units by this package?
Who will receive the work product of this activity?

Work Measures: Identify the principal work unit(s) and indicate the number expected to be completed.

Work Unit	Number Anticipated
1. _____	_____
2. _____	_____
3. _____	_____

(Financial Summary)

ITEM	Current FY	Request FY	% Change
PERSONNEL FTEs (total from detail)	————	————	————
PERSONNEL			
Salaries and Wages	————	————	————
Fringe	————	————	————
TOTAL	————	————	————
CSS and M			
Subscriptions and Publications	————	————	————
Postage	————	————	————
Equipment Maintenance	————	————	————
Contractual Services	————	————	————
Office Supplies	————	————	————
TOTAL	————	————	————
TRAVEL	————	————	————
EQUIPMENT			
Purchases	————	————	————
Rentals	————	————	————
TOTAL	————	————	————
TOTAL ALL CATEGORIES	————	————	————

Note and explain anticipated changes in expenditures/costs other than those already discussed on Pages 1 and 2.

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Exhibit 4-1

Proposed Financial Delegations

CATEGORY 1 - $150,000

Commissioner
Secretary

CATEGORY 2 - $100,000

Deputy Commissioner
Deputy Secretary

CATEGORY 3 - $ 50,000

Assistant Commissioner
Executive Chief Superintendent

CATEGORY 4 - $ 30,000

Senior Assistant Secretary
Director
Assistant Secretary
Community Relations Bureau, Chief Superintendent
Planning and Research Branch, Chief Superintendent

CATEGORY 5 - $ 20,000

Motor Vehicle Branch, Officer in Charge
Motor Vehicle Branch, Second Officer in Charge
Properties Branch - Chief Administrative Officer
Supply Branch - Controller
Disaster and Rescue Branch, Superintendent
Disaster and Rescue Branch, Assistant Officer

CATEGORY 6 - $ 15,000

Community Relations Bureau, Assistant Director
Community Relations Bureau, Chief Inspector

CATEGORY 7 - $ 10,000

District/Branch/Unit/Bureau/Group
Chief Superintendent or Superintendent
Technical Support Branch, Chief Superintendent
District (Country) Chief Inspector

District/Branch/Unit/Bureau/Group
Administrative Officer
Police Academy Goulburn, Principal
Police Academy Goulburn, Chief Administrative Officer
Police Driver Training School, Officer in Charge
Uniform Section, Administrative Officer
Police Air Wing, Officer in Charge
Water Police, Dawes Point - Officer in Charge

CATEGORY 8 - $ 8,000

Division/Section/Unit/Bureau/Branch/Group
Chief Inspector or Inspector
Division/Section/Unit/Bureau/Branch/Group
Administrative Assistant or Personal Assistant
Motor Vehicle Branch, Officer in Charge or second officer

CATEGORY 9 - $ 6,000

Properties Branch, Chief Administrative Officer
Supply Branch, controller

CATEGORY 10 - $ 5,000

District/Branch/Unit/Bureau/Group
Chief Superintendent or Superintendent
District/Branch/Unit/Bureau/Group
Administrative Officer
Motor Vehicle Branch, Officer in Charge or Second Officer
Properties Branch, Controllers Operations and Planning
Traffic Branch, Coordinator

CATEGORY 11 - $ 4,000

Supply Branch, Deputy Controller
Division/Section/Unit/Bureau/Branch/Squad/Group
Chief Inspector or Inspector
Division/Section/Unit/Bureau/Branch/Squad/Group
Administrative Assistant or Personal Assistant
Police Operations Centre, Duty Operations Inspector

CATEGORY 12 - $ 3,000

Supply Branch, Clerk (Grade 5)
Police Academy Goulburn House manager
Police Academy Goulburn, Deputy Principal
Police Academy Goulburn, Administrative Officer

CATEGORY 13 - $ 2,000

Supply Branch, Clerk (Grade 3/4)

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Uniform Section, Second Officer
Launch Maintenance Section, Officer in Charge
Police Academy Goulburn, Senior Librarian
Police Headquarters, Librarian

CATEGORY 14 - $ 1,000

Rescue Squad, Catering Officer
Dog Squad, Officer in Charge
Police Academy Goulburn, Advanced Training Unit,
Officer in Charge
Police Academy Goulburn, Recruit Training Unit,
Officer in Charge
Police Driver Training School, Officer in Charge
Headquarters Branches (including decentralised components),
Officer in Charge of a functional unit.

SPECIAL NOTES:

1. Unless otherwise stated the amount of delegation is a
   "General Delegation".

2. "General Delegation" in the context of these Financial
   Delegations refers to functions which would be considered
   to form a normal or routine part of the duties of the
   position mentioned.

3. A financial delegation to any position does not obviate
   the need to comply with any other Act, Regulation or
   Instruction. In particular, the Public Finance and
   Audit Act, 1983 (as amended) and regulations pertaining
   to the acquisition of stores and provision of services.

Exhibit 4-2

TASMANIA POLICE DEPARTMENT
SUMMARY OF EXPENDITURES

	BUDGET 1986/87	EXPENDITURE TO 31.1.87	EXPENDITURE FOR FEBRUARY	TOTAL EXPENDITURE TO 28.2.87	EXPENDITURE TO BUDGET % 67	COMMITMENTS AS AT 28.2.87	FUNDS AVAILABLE TO 30.6.87
	$	$	$	$	%	$	$
SALARIES	4,732,500	2,787,057	356,305	3,143,362	66	1,664,133	74,995
SALARIES (Police)	30,546,800	17,672,358	2,369,024	20,041,382	66	10,610,143	104,725
	35,279,300	20,459,415	2,725,329	23,183,744		12,274,276	179,720
MATERIALS AND SUPPLIES	140,000	84,191	3,283	87,474	62	10,794	41,732
COMMUNICATIONS	823,000	485,807	76,426	562,233	68	1,791	258,976
PROPERTY SERVICES	834,000	444,038	45,030	489,068	59	12,397	332,535
TRAVEL	295,000	146,750	27,742	174,492	59	4,450	116,058
OFFICE MACHINES AND EQUIPMENT	37,000	24,953	4,088	29,041	78	1,708	6,251
PRINTING AND PUBLICATIONS	197,000	116,169	12,397	128,566	65	1,798	66,636
AUTOMATIC DATA PROCESSING	70,000	24,844	3,091	27,935	40	545	41,520
RECRUITMENT AND PERSONNEL EXP.	215,000	100,565	13,720	114,285	53	20,283	80,432
MISCELLANEOUS	64,500	48,551	3,087	51,638	80	-	12,862
	2,675,500	1,475,868	188,864	1,664,732		53,766	957,002

Exhibit 4-3

TASMANIA ESTIMATED PROGRESSIVE EXPENDITURES
$'000

AGENCY: POLICE DEPARTMENT   DIVISION NO. 12

ITEM NO.	OCT. ACTUAL	NOV. EST.	DEC. EST.	JAN. EST.	FEB. EST.	MARCH EST.	APRIL EST.	MAY EST.	JUNE EST.
A001	1,665	2,034	2,476	2,776	3,106	3,506	4,046	4,389	4,732
A003	10,518	12,850	15,446	17,658	19,920	22,320	25,824	28,185	30,547
	12,183	14,884	17,992	20,434	23,026	25,826	29,870	32,574	35,279
B001	41	59	70	81	94	105	116	129	140
B002	318	340	406	472	546	612	697	757	823
B003	278	325	426	498	588	620	694	764	834
B004	88	101	117	151	177	204	233	257	295
B006	17	19	21	27	29	31	33	35	37

Exhibit 5-1

Allocation of Indirect Costs

Service Function	Alternative Allocation Method
Auditing	Audit Hours
	Audit Cost
Data Processing	Documents Processed
	Machine Hours
	Standard Hourly Rates
Mail and Mess. Service	Documents Processed
	Employees Served
Motor Pool Services	Miles Driven
	Days Used
	Standard Rate Per Mile
	Direct Charge Per Service
Office Equip. Main.	Direct Hours
Microfilm and Reprod.	Documents Processed
	Direct Hours

Organizational Unit

Administration	Weighted Average Percentage of:
	Procurement Transactions Processed
	Number of Employees
	Number of Administrative Service Requests
Purchasing	Number of Purchase Orders
	Procurement Transactions Processed
	Number of Purchase Requisitions
Personnel	Number of Employees
	Personnel Transactions Processed
	Number of New Personnel
Administrative Services	Number of Administrative Service Requests

Service Function	Alternative Allocation Method
Accounting and Finance:	
Treasurer	Department Budgets Number of Checks Drawn
Collections	Department Budgets, Number of Transactions Processed
Disbursements	Number of Checks Drawn
Finance Officer	Number of Transactions Processed Department Operating Budgets Department Expenditures
Bookkeeping	Number of Transactions Processed Department Budget Department Expenditures
Payroll	Number of Employees Checks Issued
Legal	Direct Hours of Service Provided
Maintenance	Square Footage Direct Hours of Services Provided Work Orders

Adapted from Kent John Chabotar

Exhibit 5-1 Continued
Overhead Allocation Alternatives

COST CATEGORY	EXPENSE CLASSIFICATION	ALTERNATIVE ALLOCATION METHODOLOGY
Contractual Services	Data Processing	Frequency of services provided
	Reproduction	Machine meter control or hours
	Microfilm	Number of documents processed
	Printing	Time spent to provide service hourly rate or rate per unit of service
	Laundry	Head Count
	Office Space Rental	Square Footage Used
Repair & Maint.	Vehicles Facilities	Miles Traveled Square Footage
Insurance	Vehicles Equipment	Miles Traveled Hours Used
	Buildings: Property Damage Liability Fire	Square Footage
Utilities	Heat	Square Footage
	Light	Square Footage
	Power	Rated Power Usage; Meter Usage
	Gas	Equipment Location; Meter Usage
	Telephone	Equipment Location
	Telegraph	Minutes Serviced; Log of Minutes Serviced; Log of Users
	Water	Meter Usage, Square Footage

Adapted from Kent John Chabotar

Exhibit 5-2

Victoria Financial Management Information
System Requirements

Broadly, the objectives which need to be satisfied by the new financial management information system are:

. to facilitate the efficient and accurate capture & processing of data through enhanced data entry (i.e., on-line, interactive, user-driven menu and processing screens).

. to provide immediate access to up-to-date information through an on-line enquiry feature. This function must be available to multiple users on all modules which are a part of the new system.

. to provide users of the system with the means to be able to create comprehensive standard or ad-hoc reports specifically designed to assist management to control and monitor their functions of responsibility.

. to be able to collect & report the Force's transactions along the traditional structure of the organisation and then using an allocation table be able to distribute a copy of those transactions to another ledger and report in program budget format.

Broadly the financial system requirements to meet the needs of the Force are as follows:

1. Modern on-line and batch facilities for the:
   - input and validation of data
   - interrogation of files
   - creation of ad-hoc reports

   On-line updating should be available for all transaction types. Batch updating should be available in cases where on-line updating would degrade system response.

   On-line enquiry with minimal response time is a requirement for all information being accessed in its stored form (e.g., current balance of an account plus supporting transactions). The system must incorporate user-friendly menus and default values for normal processing.

2. Double entry accounting for recording expenditure & revenue (including commitments measured against Budgets).

3. Capability to maintain records on an accrual basis in addition to reporting on a cash basis.

4. Budgetary and appropriation control facilities.

5. On-line flexible report generation facility with extensive computations to provide standard and ad-hoc reports to meet departmental, DMB and statutory financial reporting requirements via visual display units or hard copy. Enquiries against the General Ledger

should be capable of reporting single accounts or account accumulations.....Must have facility to provide summary of detailed transactions as follows: Fund/Head, Item, Program.

6. Accounts payable processing with cheque-drawing facilities and an appropriate interface to the General Ledger system to ensure adequate funds are available i.e., commitment system.

7. Accounts receivable processing.

8. Ability to integrate or interface with the current or potential central or related systems. E.g., payroll, personnel, accounts receivable, purchasing and inventory management, fleet management, fixed assets, banking and the public ledger.

9. Extensive user-defined security features to protect the system from unauthorised access and to prevent the corruption of data.

10. Mathematical modelling facilities to assist in budget development, financial management and accounting operations.

11. Ability to transfer information to spreadsheet and data base management packages for further interrogation.

12. Personal computer line-direct two way transfer of information between the mainframe and a micro computer to aid in budgeting and forecasting.

13. Capture, report and analyse financial and statistical data and store it in easily accessed files.

14. Comprehensive documentation of the system and software house support be available.

It will be necessary to:

1. Monitor budget status of an account in terms of:
   - unexpended appropriation
   - unexpended monthly cash budget
   - outstanding commitments
   - uncommitted allocations
   - unexpended Treasurer's advance

2. Monitor expenditure and commitment accumulations against budget figures. (These data to be available on a daily, weekly, monthly, half-yearly or yearly basis at all classification levels.)

3. Have a Force line item total for expenditure and commitment

4. Record certain non-financial data to enable the calculation of performance indicators.

To enable the formulation of the Force's internal budget, the following features are required to be available in a modelling facility:

1. Information to be readily extractable from General Ledger for use in financial modelling for a 1-3 year period.

2. Data to be readily added, updated and deleted from system.

3. Model language should be non-technical, easy-to-use English derivative.

4. Model language should support:

    - addition, subtraction, multiplication, division,
    - exponentiation
    - weighting
    - constants
    - formulae processing

5. The system should support "what if" situations.

6. Statistical methods should be available for forecasting purposes.

In order that the Force's personnel can effectively perform their duties, it is essential they have access to up-to-date information. For this reason, systems developed must be capable of quickly reflecting any changes in the status of records. This can be achieved by:

1. Provision of easy-to-use transactions to enable personnel to initiate the appropriate action(s) to update the system computer files.

2. Provision of suitable data-entry procedures to ensure that transactions can be quickly entered into the computer system.

3. Incorporation within the system, where appropriate, of various processing functions which are automatically initiated depending on certain data.

Exhibit 5-3

New South Wales Financial-Management
Software Specifications

The contractor will examine the existing accounting and budgeting system of the Department and submit a proposal for a computerised financial system which will:

a. Maintain effective accounting records within a General Ledger system with particular consideration to the following:
   Flexible chart of accounts coding structure.
   Efficient account numbering structure
   Transaction storage and retrieval
   Audit/management trails
   Narrative carried on all transactions
   Allow extraction of details from ledger accounts files on request.
   Contain controls which restrict user access to particular categories of expense.
   Provide a comprehensive log of user movement.
   Assign privileges to particular users eg inquiry or entry access.
   Provide for integration with the Treasury system for the recoupment of funds.

b. Allocate Budget limits to expenditure and revenue accounts in general ledger.

c. Maintain a creditors commitment file which will record orders issued for each expenditure account and discharge commitments as payments are made to creditors.

d. Raise purchase orders after verification with the general ledger account and commitment file for availability of funds.

e. Process vouchers for payment, not resulting from order (e.g., service contracts), through the creditors commitment file to General Ledger to create commitment for non-order purchases and services.

f. Process cheques in payment of creditors both at Head Office and at a decentralised level.

g. Maintain a debtors ledger with facilities for history or debtors reporting including age analysis and selective exception reporting.

h. Prepare invoices/charges/debit and credit notes and process through the debtors and General Ledgers.

i. Provide control of receipts and disbursements or remittance of all revenue received both by off line methods and/or through a cash register by electronic control methods.

j. Be capable of transmitting and saving information by electronic
     methods between Department files and accounting system and the
     Treasury centralised payroll system, as regard salaries overtime,
     shift allowances and other payments and deductions related to
     salaries.

k. Provide reports to management on actual performance against budget
     expenditure at various levels including Department, programme,
     cost centre activity, or any specified area of responsibility or loca-
     tion.

l. Facilitate financial planning and the projection of trends by providing
     for financial planning and budget projection report model genera-
     tion with graphical support presentation.

m. Assist in the preparation of budget estimates.

n. Provide sufficient internal controls which will satisfy requirements of
     the Auditor General.

The system will be partially centralised in the first instance but must
provide for decentalisation when full autonomy is given for districts and
branches to:

    Raise purchase orders
    Raise invoice/charges/debit and credit notes
    Process cheques
    Receive revenue
    Record in the same manner all the above mentioned requirements,
    a.to n., with the centralised General Ledger control being retained.
    Communication between the decentralised units and the
    centralised ledger-control system by off-line and on-line medium.

Exhibit 5-4

Budget-Planning Training Curriculum

A. The Managerial Approach to Budgeting.

1. Managing resources, activities, and objectives: Linking expenditure requests to workload, work programs and force objectives.
2. The principal constraints placed on planning and managing police resources: resource limitations, technical constraints, complications in measuring benefits or returns, and political factors.
3. The fiscal-management responsibilities of police administrators and the methods available to meet these responsibilities.

   - Monitor and control current year costs.
   - Estimate costs for continuation budgets.
   - Improve operational efficiency and savings.
   - Estimate and justify expenditures for new/expanded programs.
   - Conduct cost/benefit analyses of current and alternative methods of operation.
   - Assembling comprehensive budgets for operations and units.

B. Alternative Approaches to Resource Planning and Management.

1. Line-item or control budgeting; performance budgeting; program and zero-base budgeting; decision-package approaches to budget planning and request justification.
2. Developing a composite approach for managing police resources.

C. Distinguishing and Measuring Direct and Indirect Costs.

1. Methods for measuring indirect costs.
2. Alternative ways of assigning indirect costs to operations.
3. Methods for determining total costs of units and operations.

D. Forecasting Revenues and Costs: Qualitative and Elementary Quantitative Methods.

1. Judgmental, extrapolation, bootstrap methods.
2. Short- and longer-range forecasts of costs.

E. Developing and using computerized financial management systems.

1. Real-time monitoring of costs/expenditures and projections of costs for the fiscal year.
2. Conducting cost-benefit analyses.

F. Managing Police operations and resources in times of fiscal constraint and cutback management.

G. Special problems and methods when managing resources of: patrol, investigation, traffic, operations support and administration units.

Exhibit 5-5

Measures of Effectiveness for Crime Control Services

QUALITY CHARACTERISTIC (OR SERVICE ASPECT)	SPECIFIC MEASURE	PRIME DATA SOURCES
Objective: Prevention of Crime		
Reported crime rates	Number of reported crimes per 1,000 population, total and by type of crime.	Incident reports
Victimization rates	Number of reported plus non-reported crimes per 1,000 households (or residents or businesses), by type of crime.	General citizen survey
Different households and businesses victimized	Percentages of (a)households and (b)businesses victimized.	General citizen survey, business survey
Physical casualties	Number and rate of persons (a) physically injured, (b) killed by course of crimes or nontraffic crime-related police work.	Incident reports
Property loss	Dollar property loss from crimes per 1,000 population (or, for businesses, $1,000 sales).	Incident reports
Patrol effectiveness	Number of crimes observable from the street per 1,000 population	Incident reports
Inspection effectiveness	Number of crimes per 1,000 businesses in relation to time since last crime prevention inspection.	Incident reports inspection records
Peacekeeping: domestic quarrels and other localized disturbances	Percentage of domestic quarrels and other disturbance calls with no arrest and no second call within 'x' hours.	Dispatch records incident reports

Objective: Apprehension of Offenders

Crimes 'solved' at least in part	Percentage of reported crimes cleared, by type of crime and whether cleared by arrest or by 'exception.'	Incident reports
Completeness of apprehension	Percentage of known 'person-crimes' cleared, by type of crime.	Incident reports arrest reports
Quality/ effectiveness of arrest	Percentage of adult arrests that survive preliminary court hearing (or state attorney's investigation) and percentage dropped for police-related reasons, by type of crime.	Arrest and court records
	Percentage of adult arrests resulting in conviction or treatment (a) on at least one charge, (b) on highest initial charge, by type of crime.	Arrest and court records
Speed of apprehension	Percentage of cases cleared in less than 'x' days (with 'x' selected for each crime category.	Incident report, arrest reports
Stolen property recovery	Percentage of stolen property that is subsequently recovered: (a) vehicles; (b) vehicle value; (c) other property value.	Incident reports, arrest or special property records

Objective: Responsiveness of Police

Response time	Percentage of emergency or high-priority calls responded to within 'x' minutes and percentage of nonemergency calls responded to within 'y' minutes.	Dispatch records
Perceived responsiveness	Percentage of (a) citizens, (b) businesses that feel police arrive soon enough when called.	General citizen survey, business survey, and complainant survey

Objective: Feeling of Security

Citizen perception	Percentage of (a) citizens, (b) business persons who feel safe (or unsafe) walking in their neighborhoods at night.	Citizen survey, business survey

Objectives: General Satisfaction

Fairness	Percentage of (a) citizens, (b) businesses that feel police are generally fair in dealing with them.	General citizen survey, business survey, and complainant survey
Courtesy	Percentage of (a) citizens, (b) businesses who feel police are generally courteous in dealing with them.	general citizen survey, business survey, and complainant survey.
Police behavior	Number of reported incidents or complaints of police misbehavior, and the number resulting in judgment against the government or employee (by type of complaint (civil charge, criminal charge other service complaints), per 100 police.	Police and mayor's office records
Citizen satisfaction with police handling of miscellaneous incidents	Percentage of persons requesting assistance for other than serious crimes who are satisfied (or dissatisfied) with police handling of their problems, categorized by reason for dissatisfaction, and by type of call.	Complainant survey
Citizen satisfaction with overall performance	Percentage of (a) citizens, (b) businesses rating police performance as excellent or good (or fair or poor), by reason for satisfaction or dissatisfaction.	General citizen survey, business survey, and complainant survey

Objective: Apprehension

Level and focus of arrest activity	Number of arrests for vice- and drug-related crimes, by type of crime (e.g., prostitution, gambling, narcotics possession, narcotics sales, etc.) and type of drug, and by 'big fish' or 'little fish', if possible.	Booking records
Quality of arrests	Measures 11 and 12.	Arrest and court records

Objective: Citizen Satisfaction

Citizen perception of seriousness of problem	Percentage of citizens who feel that (a) pornography, (b) prostitution, (c) gambling (d) soft drug usage, (e) hard drug usage, or (f) sale of drugs is a major problem in their neighborhood or community.	General citizen survey

Objective: Apprehension

Illegal materials seized	Quantity or street value of illicit drugs seized.	Police property records.
Availability of drugs	Retail and wholesale prices for illicit drugs, by type and quality.	Vice squad intelligence data

Adapted from Harry P. Hatry et al.

Exhibit 5-6

South Australia Metropolitan Job Codes With
Standard Times-August 1983
(Included is travel and rounded to nearest minute)

Disturbance	25	Bomb Report	31
Drunk	46	Animal injured	23
Wilful Damage	39	Animal/s straying	31
Pot. Violent Disturbance	50	Missing Persons Search	35
Assistance Request	37	Conveyance only	36
Domestic Violence	50		
Accident	51	Arrest-Warrant Execut.	73
Accident Fatal	88		
Accidnet Hit Run	53	Miscellaneous-unable	
Accident Departmental	73	to locate, malicious	
Accident Industrial	88	false alarm, job gone	
Person Collapsed	41	on arrival of patrol	15
Accident Domestic	42		
Dangerous substance/gas	24	Message Delivery-	
		adv. rels.	29
Larceny	45	Drug Offence	62
Robbery	70	Enquiry	34
Armed Hold Up	70	Mental Defective	68
Shop Stealer	72		
		Miscellaneous-jobs which	
Alarm Ringing	15	do not fit into any	
Breaker/Premises	26	category-kept to a	
Intruder/Premises	24	minimum	30
Suspect Loitering	22		
Premises Open	33		
Breaking	54		
Assault	67		
Assualt - indecent	104		
Homicide	224		
Sudden Death	107		
Rape	106		
D.U.I.	103		
P.C.A.	99		
Traffic Breach	38		
Stolen Vehicle	50		
Interfere with M/Veh.	38		
Vehicle Abandoned	34		
Traffic Lights U/S	16		
Traffic Hazard/Hold Up	30		
Fire - Building	50		
Fire - Grass	30		
Fire - Vehicle	27		
Fire - Rubbish	21		
Fire - Fence	58		
Police in Trouble	32		

South Australia Country Job Codes Standard Times
as at 9th August 1983

Disturbance	25.5	Animal/s Straying	35
Drunk	46	Missing Pers. Search	40
Wilful Damage	38	Conveyance only	40
Potent. Violent Dist.	45		
Assistance Request	37	Bona Fide	10
Domestic Violence	50	Arrest-Wrt. Executed	76
Accident	57	Miscellaneous-Unable to	
Accident Fatal	139	locate, Malicious false	
Accident Hit-run	69	alarm, Job gone on	
Accident Departmental	89.5	arrival of Patrol	15
Accident Government	50	Message Delivery	20
Accident Industrial	90	Drug Offence	60
Person Collapsed	40	Enquiry	30
Accident Domestic	53	M.D.	70
Dangerous Substance	24	Miscellaneous	40
Larceny	44.5		
Robbery	70		
Armed Hold-up	70		
Shop Stealer	71		
Alarm Ringing	14.5		
Breaker/Premises	36		
Intruder/Premises	26		
Suspect Loitering	27		
Premises Open	28		
Breaking	47		
Assault	65		
Assault Indecent	100		
Homicide			
Sudden Death	119		
Rape	143		
Indecent Exposure	48.5		
Admit Body to Morgue	50.5		
D.U.I.	103		
P.C.A.	99		
Traffic Breach	35		
Stolen Vehicle	50		
Interfere with M.V.	35		
Vehicle Abandoned	30		
Traffic Lights U/S	25		
T ffic Hazard/Hold up	12		
Fire - Building	50		
Fire - Grass	45		
Fire - Vehicle	39		
Fire - Rubbish	20		
Fire - Fence	24		
Police in Trouble	71.5		
Bomb Report	36		
Animal Injured	20		

Exhibit 5-7

Western Australian Police
Monthly Work Study Summary
General Duties
Suburban Form

ITEM

ACTION REPORT FORMS SUBMITTED FROM STATION (EXCLUDE THOSE SUB. ON NIGHT MOTOR PATROL)	3.8
FILES FOR INQUIRY	3.5
OFFENCE REPORTS SUBMITTED FROM STATION	3.9
MISSING PERSON REPORTS P.19 SUBMITTED FROM STATION	4.3
LOST, FOUND & STOLEN PROPERTY FOLIOS RECORDED IN STATION BOOKS	2.0
FIELD REPORTS P.146 SUBMITTED FROM STATION	1.7
CORONERS REPORTS (SUDDEN DEATHS & FIRES ATTENDED BY STATION STAFF) (24.4 rounded in this table to 24)	24
F.A.L. INTERIM RECEIPTS ISSUED	3.2
F.A.L. NOTING FEE & TEMPORARY PERMIT GENERAL RECEIPTS ISSUED	2.4
ARRESTS BY STATION STAFF (EXCLUDE ARRESTS MADE ON NIGHT MOTOR PATROL) (10.1 rounded in this table to 10)	10
PRISONERS PROPERTY FOLIOS COMPLETED AT THIS STATION	2.0
BRIEFS FOR PROSECUTION BY SUMMONS, NOTICE OR FURTHER CHARGES ONLY.	8.1
CHILDRENS (SUSPENDED PROCEEDINGS) PANEL FORM A SUBMITTED	8.5
TRAFFIC INFRINGEMENT NOTICES ISSUED	1.3
TRAFFIC CAUTIONS (WRITTEN CAUTIONS ONLY TO BE INCLUDED)	1.0
SUMMONSES & NOTICES RECEIVED FOR LOCAL SERVICE	2.6
WARRANTS RECEIVED FOR LOCAL EXECUTION	3.6
M.D.L.'S PRODUCED AND PARTICULARS RECORDED AT STATION	1.0
WORK ORDERS ISSUED	1.8
TRAFFIC ACCIDENT REPORT FORM MR72 SUBMITTED	2.8
TRAFFIC ACCIDENT REPORT FORM MR72A SUBMITTED (EXCLUDE FATALS)	6.4
BREATHALYSER 7 BLOOD TESTS	4.7
PRELIMINARY TESTS	1.0
TOTAL DISTANCE TRAVELLED BY STATION VEHICLES (KILOMETRES)	-
DISTANCE TRAVELLED ON SUBURBAN NIGHT PATROL "	-
DISTANCE TRAVELLED ON OTHER DUTIES "	.13
TOTAL OVERTIME CLAIMED FOR MONTH (HOURS)	6.0

MAN HOURS INVOLVED

SPECIAL DUTIES (SCHOOL SOCIALS)
PAY ESCORTS
COURT ATTENDANCE (STATION STAFF)
SPORTING FIXTURES ATTENDED
SUBURBAN NIGHT PATROL DUTY
SEARCHES FOR MISSING PERSONS/BOATS
FLARE SIGHTINGS (INQUIRES RE)
OTHER (SPECIFY NATURE OF DUTY)

GENERAL DUTIES
COUNTRY FORM

ITEM

DISTURBANCES ATTENDED (INCLUDE DOMESTICS)	3.9
OTHER COMPLAINTS, NOTIFICATIONS & REQUESTS ATTENDED	3.2
FILES FOR INQUIRY	3.5
OFFENCE REPORTS SUBMITTED FROM STATION	4.2
MISSING PERSONS REPORTS P19 SUBMITTED FROM STATION	4.1
LOST, FOUND & STOLEN PROPERTY FOLIOS RECORDED AT STATION	2.8
FIELD REPORT P146 &/OR STOCK MOVEMENT REPORT P111 SUBMITTED	1.7
CORONERS REPORTS ORIGINATING & SUBMITTED FROM STATION (INCL FATALS) (59.6 rounded in this table to 59)	59
RADIO & TELEX MESSAGES ORIGINATING FROM STATION	1.0
RADIO & TELEX MESSAGES RELAYED FOR OTHER STATIONS	1.0
F.A.L. INTERIM RECEIPTS ISSUED	2.0
F.A.L. NOTING, TEMPORARY CURIO & SAFE KEEPING GENERAL RECEIPTS ISSUED	1.8
AGRICULTURAL WAYBILLS (NUMBER OF GENERAL RECEIPTS ISSUED)	0.7
TOTAL GENERAL RECEIPTS ISSUED (INCLUDE THOSE SHOWN IN ITEMS 12 & 13)	0.9
ARRESTS BY STATION STAFF ONLY (SEE ATTACHED INSTRUCTIONS)	5.0
NUMBER OF PRISONERS PROPERTY FOLIOS USED FOR MONTH	3.5
BRIEFS SUBMITTED FOR PROS. BY SUMMONS, NOTICE OR FURTHER CHARGE ONLY	4.6
CHILDRENS SUSPENDED PROCEEDINGS PANEL FORM A SUBMITTED	4.8
TRAFFIC INFRINGEMENT NOTICES ISSUED	1.3
TRAFFIC CAUTIONS (WRITTEN CAUTIONS ONLY TO BE INCLUDED)	1.0
SUMMONSES & NOTICES RECEIVED FOR LOCAL SERVICE	1.8
WARRANTS RECEIVED FOR LOCAL EXEC. (INCL. W/C/& W/E ONLY)	2.6
TRAFFIC ACCIDENT REPORT FORM MR72 SUBMITTED	2.4
TRAFFIC ACCIDENT REPORT FORM MR72A SUBMITTED (EXCLUDE FATALS)	5.6
BREATHALYSER & BLOOD TESTS (NOT PRELIMINARY TESTS)	4.7
PRELIMINARY TESTS	1.0
M.D.L. APPLICATIONS RECEIVED	3.5
M.D.L. PRACTICAL DRIVING TESTS CONDUCTED (AS SHOWN IN STATION RECS)	4.0
M.D.L. INTERIM RECEIPTS ISSUED (ORIGINAL & RENEWAL)	1.2
TOTAL CASH REGISTER TRANSACTIONS (RECEIPTS ISSUED	0.5
TRAFFIC PERMITS ISSUED (OVERSIZE/WIDTH ETC.)	1.4
MOTOR VEHICLES EXAMINED FOR LICENSING (AS SHOWN IN STATION RECS)	3.1
INTERIM RECEIPTS ISSUED (ORIG. RENEWAL, OR TRANS OF M/VEHICLE LIC.)	1.5
WORK ORDERS ISSUED	1.8
TOTAL OVERTIME FOR MONTH (HOURS)	6.0
TOTAL DISTANCE TRAVELLED GENERAL DUTIES VEHICLES, (KILOMETRES)	.13
TOTAL DISTANCE TRAVELLED TRAFFIC PATROL VEHICLES (KILOMETRES)	.13
COURT ATTENDANCE (INCLUDE ALL STAFF)	6.0

135

NO.   ITEM

39 SPECIAL DUTIES (SCHOOL SOCIALS, PAY ESCORTS ETC)
40   ESCORTS (PRISONER, MENTAL PATIENT ETC)
41 ESCORTS (TRAFFIC OVERWIDTH, LENGTH ETC)
42 SEARCHES FOR MISSING PERSONS, BOATS ETC
43 FLARE SIGHTINGS (INQUIRIES MADE RE)
44 OTHER, (SPECIFY NATURE OF DUTY)

COURT CHARGES

45 PETTY SESSION CHARGES
46 CHILDRENS COURT CHARGES
47 PETTY SESSIONS, IF O.I.C. IS CLERK, SHOW MONTHLY
    TOTAL OF ITEMS 45 & 46
48 COURT DURATION (TOTAL HOURS THAT COURT IS IN SESSION)
49 LOCAL COURT, IF O.I.C. IS CLERK, SHOW NUMBER OF PLAINTS
    ISSUED
50 BAILIFF, IF O.I.C. IS BAILIFF SHOW NUMBER OF PROCESSES
    RECEIVED.