

MEDIA RELEASE

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Performance Audit Report 'Collection of Fees and Fines'

The Auditor-General, Mrs Tu Pham, has today presented a Performance Audit report titled 'Collection of Fees and Fines' to the Speaker of the Legislative Assembly.

Fees and fines are estimated to raise \$172m in 2006-07, which is approximately 6% of the revenue of the Territory.

The audit examined the efficiency and effectiveness of the administration and collection of selected fees and fines. It focussed on legislative compliance, policies and procedures for fee determinations, debt management, performance reporting and risk management.

Key Audit Findings

The audit found that:

- Audited agencies were generally clear about the intent and purpose of fees and fines. However, the methods by which they were determined were not robust and did not always reflect their purposes;
- Generally, agencies determined fees, not based on the current cost of services, but on what was charged last year plus an adjustment based on the Wage Price Index. Other factors, notably parity with fee levels in other jurisdictions, also played an important role in fee setting. There was little evidence that the cost of services was taken into account in determining the amount of the fee;
- There was insufficient information and guidance within agencies or from ACT Treasury on:
 - the objectives of fees and charges;
 - the principles of cost recovery, and guidance on costing methods;
 - the performance indicators on the collection of fees and charges;
 - the periodic review of fees and charges; and
 - fee waivers.
- Fees and fines were collected mostly through over-the-counter transactions. Although this provided a well-established payment procedure and facilitated compliance and public access, it was a more costly method of collection, compared to other methods, such as BPAY and the internet.
- Revenue collection was not effective in a number of areas. Traffic and Parking related fees and fines revenue were particularly at risk:
 - Under the current RegoACT, the Road Transport's management information system, it was not possible to suspend or cancel registrations that have been paid with cheques that have subsequently been dishonoured. Road Transport was therefore unable to comply with the *Road Transport (General) Regulations 2000* relating to dishonoured cheque payments.

- Registration and licence sanctions are only partly effective in achieving payment of traffic infringement notices and parking infringement notices issued to interstate drivers, resulting in a significant number of unpaid penalties. For the period 1 July 2006 to 12 March 2007, some \$987 000 in traffic infringement penalties were owed by interstate drivers. Up to \$850 000 annually may not be paid and were considered to be doubtful debts.
- There is no national scheme of demerit point and traffic and parking fines transfer. Lack of progress on the issue nationally and the implementation costs for the transfer of interstate fines and demerit points are barriers to putting such arrangements in place.
- There is currently \$143 000 in outstanding traffic fines (more than 120 days old) owed by a number of overseas missions and individual diplomats.
- In about 30% of traffic infringement cases, (19 700 of a total of 61 085 in 2005-06) a statutory declaration was lodged requesting withdrawal. A small number of traffic infringement notices (about 3%) were withdrawn. There was no checking of these statutory declarations by Road Transport to establish if they were correct.
- Approximately 150 or 50% of ground water users were not required to pay the charge for water abstraction under the *Water Resources Act 1998*. The Government has proposed amending legislation to remedy this situation.
- The library fine collection was not effective in collecting debts.
- Guidance on fees waivers under the *Financial Management Act 1996*, or agencies' own legislation, was incomplete or absent.
- There was a lack of appropriate performance information to reflect the objectives of the fee or fine, and the risks to its calculation and collection. There was no evidence that this has been considered on any consistent and widespread scale.
- Similarly, debt management at agency levels had few indicators of efficiency and effectiveness.
- Agencies gave scant consideration to risks to the collection of their fees and fines revenue. There was scope for significant improvement in risk management related to fee and fine collection; and to debt management.

Further information

For further information, please contact Rod Nicholas, Director, Performance Audits and Corporate Services on 6207 0833. Copies of the report are available from the ACT Auditor-General's Office (Level 4, 11 Moore Street, Canberra City) and from its website, www.audit.act.gov.au.