

13. Summary of issues and recommendations

The following table provides a summary of issues noted together with the various recommendations for action -

ISSUES	RECOMMENDATION
<p>Excessive duration of some payment arrangements.</p> <p>Many clients with debts under payment arrangements having extremely large volumes of unpaid debts.</p>	<p>Recommendation 1 – Payment Arrangements</p> <p>1A - For any new payment arrangements entered into, it should be ensured that the payment scales are such that the debt will be paid off in a reasonable period of time (less than 3 years).</p> <p>1B - In addition, a review should be performed on any high volume, high value instalment plan arrangements to confirm that the duration of the payment arrangement is acceptable. The analysis provided here can be used to prioritise this review, starting with the highest volume debtors first.</p> <p>1C - Any payment arrangements identified of excessively long duration should be renegotiated, where possible, to ensure that the remaining debt balance will also be paid off in less than 3 years. If the debtor does not have the capacity to repay a higher amount in cash, then consideration could be given to supplementing the repayment value with unpaid community service.</p>
<p>Age of debt items under 'active' enforcement action.</p>	<p>Recommendation 2 – Enforcement Actions</p> <p>A review should be performed over the timing and effectiveness of the various enforcement actions used by SPER particularly for those clients with multiple debts on their account. This should aim to ensure that appropriate escalation of actions has occurred and that the debt values are recovered in a reasonable timeframe.</p>
<p>Data quality issues in debt being referred to SPER for recovery.</p> <p>Volume of potentially unenforceable items more generally.</p>	<p>Recommendation 3 – Potentially Unenforceable Debts</p> <p>3A - Data quality issues should be discussed with the referring agencies as part of the upcoming stakeholder engagement meetings. In particular, this issue should be highlighted with Councils and Universities, due to their dis-proportionately large number of referred debts items with incomplete information.</p> <p>3B - A large number of these debts should be considered for referral to Mercantile Agents for attempted recovery as part of work package 3 of the Mercantile Agent Trial. Alternatively some of these debts could be used as part of the upcoming Data Washing Trial.</p> <p>3C – Debt write-off action in relation to unrecoverable debts should be continued on a periodic basis throughout the year.</p>

ISSUES	RECOMMENDATION
<p>Age of debts with under suspended enforcement due to reminder letters being issued.</p> <p>Length of time to action or process some suspended enforcement items.</p>	<p>Recommendation 4 – Debts under Suspended Enforcement</p> <p>4A – Investigation is required into the high volume of reminder letters being issued on very old debt items, which then triggers enforcement action being suspended on these debts. The concern is what the circumstances are leading to the debt recovery situation being reset to the starting point of issuing a reminder letter to the debtor, on debt items that were registered with SPER sometimes over 10 years ago. Is there a process fault involved?</p> <p>4B - A review should be performed over other debt items under suspended enforcement to identify the extent on any processing backlogs for these items. This would include gathering additional information in relation to the length of time the item has been sitting under suspended enforcement and whether or not this is appropriate to the type of item(s) and reason for suspension action.</p>
<p>The volume of older debt items awaiting auto enforcement evaluation.</p>	<p>Recommendation 5 – Debt items Between Processes</p> <p>The large volume of debt items listed as Awaiting Auto-enforcement Evaluation should be reviewed to determine what steps can be taken to action as many of the items as possible.</p> <p>Related to this is the current situation where there is an excessive volume of items on system produced Worklists which are referred to staff for action. However these lists are so voluminous that only a small number of items are able to be actioned at a time. This results in an extremely large number of un-actioned items remaining on the Worklists over time.</p> <p>The review of debt items listed as Awaiting Auto-enforcement Evaluation should be performed in conjunction with any actions taken in regard to the Worklists.</p>
<p>Age of debts under active compliance - other</p>	<p>Recommendation 6 – Debt under Active Compliance Other</p> <p>For aged debt items still listed as under community service order, further investigation is required as to whether the relevant community service work has been completed and if the debtor records can be updated.</p>
<p>Monitoring and Analysis Data</p>	<p>Recommendation 7 – Additional Monitoring and Analysis Data</p> <p>It is recommended that further data be obtained to be able to analyse and monitor the impact and effect of various debt collections steps and strategies, and review the 'life cycle' of debt items in the SPER Debt Pool.</p> <p>This would include sufficient information to determine the average length of time debts spend at each collection step, debt finalisation rates for each collection step etc.</p>

SPER REFORM MEDIA COMMUNICATION PLAN

BACKGROUND

1. SPER faces significant operational challenges including:
 - o significant growth in the size and complexity of the debt pool – if reform is not undertaken, the balance of the debt pool is likely to reach \$1 billion in 2016-17

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2. In response to these challenges and the Commission of Audit recommendation about fines being the sanction of choice, SPER developed a business case for a new service delivery model.
 - Under the new model, debt recovery will be outsourced to a broker that will manage a panel of debt collection agents. SPER will retain responsibility for managing debtors who can't or won't pay (uncommercial debt).

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KEY MESSAGES: OVERALL

- SPER is in significant need of reform due to the growth and complexity of the debt pool. If reform is not undertaken, the balance of the debt pool is likely to reach \$1 billion in 2016-17.
- The Office of State Revenue (OSR) has completed a review of SPER and the Queensland Government has accepted its recommendation to implement a new service delivery model.
- The new model involves outsourcing debt recovery to a broker that will manage a panel of debt collection agencies. SPER will retain responsibility for managing debtors who can't or won't pay.
- The broker model allows SPER to focus on what it is best placed to do, which includes escalated enforcement for 'won't pay' debtors and management of 'can't pay' debtors. There is a growing contingent of 'won't pay' debtors who need more attention/escalation for enforcement than SPER has been able to pursue in the past.
- Debt collection agencies will do what they do best, which is commercial debt collection, managed by a broker with industry expertise.
- Importantly, the new model avoids the need for SPER to re-invest in new ICT, which would cost at least \$20 million and carry ICT development risk, on top of the costs to change business practices.
- The new broker model is scalable and can respond to growing volumes more easily by spreading peak loads across a number of debt collection agencies.
- Transition requires a modest investment of \$26 million over four years, which is projected to be more than offset by increases in recovery rates.
- Once the new model is in place from July 2015, debt recovery is projected to increase by more than \$6 million a year.
- Many agencies are involved in issuing and managing fines. The reform program also includes initiatives to improve the end-to-end fine collection across Government.
- OSR sought input from independent advisors as well as the Department of Justice and Attorney-General, Queensland Police Service, Department of Transport and Main Roads, the Local Government Association of Queensland, Brisbane City Council.
- An efficient fine collection service is essential to Government. There are community expectations that offenders pay their fines, and it is important that this is done efficiently so that costly court and imprisonment options are minimised.

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KEY MESSAGES: EFFICIENCY OF NEW MODEL

- It is expected that the panel of multiple debt collection agencies will result in increased resources available to meet the volume of new SPER debts.
- This means that all new debts will be followed up, compared to the current situation in which SPER has limited resources.
- Debt collection agencies have the capacity to actively pursue debt recovery in a more timely way including through outbound calls and SMS messages

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SPER Debt Pool Growth

Financial Year	Date	No. of Items	Debt Item growth rate	Value	Debt Pool Value growth
	30 June 2005	1,491,141		\$ 331,771,025	
	30 June 2006	1,656,984		\$ 378,009,216	
	30 June 2007	1,842,583		\$ 431,360,691	
	30 June 2008	2,037,541		\$ 489,402,716	
	30 June 2009	2,206,897		\$ 540,765,002	
	30 June 2010	2,386,317		\$ 596,611,548	
	30 June 2011	2,581,033		\$ 680,463,508	
	30 June 2012	2,811,197		\$ 760,910,829	
	30 June 2013	2,832,168		\$ 774,703,548	
2013-14	30 April 2014	2,937,905		\$ 830,986,799	
2013-14	31 May 2014	2,955,152		\$ 835,978,600	
2013-14	Projected 30 June 2014	3,066,216	1.08	\$ 847,261,159	1.1135
2014-15	Projected 30 June 2015	3,311,514	1.08	\$ 943,410,771	1.1135
2015-16	Projected 30 June 2016	3,576,435	1.08	\$ 1,050,471,714	1.1135

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As at 30 June 2013

SPER Debt Pool by Debt Type

Debt Category	No. of Unpaid Debts	\$ Value
Speeding	438,140	\$ 106,790,890
Driving	431,419	\$ 126,053,609
Parking	350,312	\$ 37,705,539
Tolling	348,554	\$ 62,926,121
Vehicle	264,005	\$ 73,578,188
Fail to Vote	157,088	\$ 23,184,659
Fare Evasion	88,914	\$ 20,468,944
Offender Levy	65,508	\$ 6,606,758
Stealing	60,412	\$ 33,901,038
VAQ	2,994	\$ 63,525,715
Other	624,822	\$ 219,962,087
Total unpaid Debt Pool	2,832,168	\$ 774,703,543

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