



ECONOMICS AND GOVERNANCE COMMITTEE

Members present:

Mr LP Power MP—Chair
Mrs MF McMahon MP
Mr DG Purdie MP
Mr RA Stevens MP
Mr A Tantari MP

Staff present:

Ms E Hastie—Committee Secretary
Ms M Salisbury—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE STATE PENALTIES ENFORCEMENT (MODERNISATION) AMENDMENT BILL 2022

TRANSCRIPT OF PROCEEDINGS

MONDAY, 28 MARCH 2022

Brisbane

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The committee met at 11.49 am.

CHAIR: I declare this public briefing open. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today who, for thousands of years, have maintained a continuing culture. We recognise that we are fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander peoples. My name is Linus Power, the member for Logan and chair of the committee. The other members of the committee are Mr Ray Stevens MP, member for Mermaid Beach and deputy chair; Mrs Melissa McMahon MP, the member for Macalister; Mr Adrian Tantari MP, the member for Hervey Bay; and Dan Purdie MP, the member for Ninderry. Mr Michael Crandon is unfortunately absent today because he is keeping us safe by being cautious. We wish him well and hope he does not have COVID.

The purpose of today's briefing is to assist the committee with its inquiry into the State Penalties Enforcement (Modernisation) Amendment Bill 2022. The briefing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I remind members of the public that they may be excluded from the briefing at the discretion of the committee. I also remind committee members that officers are here today to provide factual or technical information. Any questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. I also remind you to switch your mobile phones to silent so as to not disrupt the proceedings.

KROSS, Ms Melinda, Chief Revenue Counsel, Queensland Revenue Office, Queensland Treasury

MEW, Mr Jason, Director Policy and Legislation, Queensland Revenue Office, Queensland Treasury

MILLER, Mr Glenn, Assistant Under Treasurer, Queensland Treasury

CHAIR: Good morning. Thank you for agreeing to brief the committee on the legislation. I invite you to make some opening comments, after which committee members will undoubtedly have some questions for you.

Ms Kross: Thank you, Chair and committee, for the opportunity to brief you in relation to the State Penalties Enforcement (Modernisation) Amendment Bill 2022. I would also like to respectfully acknowledge the traditional owners and custodians of the land on which we meet and pay my respects to elders past, present and emerging.

This bill makes a number of amendments, including amendments to integrate fine administration functions into the Queensland Revenue Office from the Department of Transport and Main Roads and the Queensland Police Service. From 1 February this year, fine administration functions relating to camera detected offences such as speeding, not stopping at a red light and tolling offences were integrated into the Queensland Revenue Office by way of administrative arrangements and machinery-of-government transfers. This bill now gives legislative effect to that integration primarily by amending the State Penalties Enforcement Regulation 2014 to prescribe the registrar of the State Penalties Enforcement Registry, otherwise known as SPER, within the Queensland Revenue Office as the authorised person to serve infringement notices for those relevant camera detected offences. The registrar is also to be made the administering authority for the relevant camera detected offences as well as other infringement notices that the Department of Transport and Main Roads did administer prior to 1 February 2022.

The bill makes similar amendments to integrate fine administration functions relating to camera detected mobile phone and seatbelt offences into the Queensland Revenue Office from 30 November 2022. These amendments will result in the Queensland Revenue Office being the single agency for the issue and administration of infringement notices for those relevant offences as well as collection of those amounts under those infringement notices.

The bill also amends the State Penalties Enforcement Act 1999 to provide a framework for the earlier registration of defaulted infringement notices with SPER by enabling time frames for registration and the possibility of a late lodgement fee to be prescribed by regulation. Prescription of those registration time frames or the late lodgement fee will occur at a later stage, subject to passage of the bill.

Miscellaneous amendments will also be made to the State Penalties Enforcement Act 1999 and the State Penalties Enforcement Regulation 2014 to modernise the legislation and ensure the continued effective administration of SPER. These amendments include expressly authorising the use of body worn cameras by SPER enforcement officers, prescribing the types of enforcement costs that can be recovered from debtors and permitting the disclosure of identifying information of debtors in SPER remittance advices.

Amendments are also to be made to the Taxation Administration Act 2001 and the State Penalties Enforcement Act 1999 to modernise the confidentiality provisions and bring them into line with other acts. The bill also amends the Land Tax Act 2010 to give beneficial treatment to special disability trusts by ensuring trustees of such trusts are subject to the higher tax-free threshold and lower land tax rates that apply to individuals. My colleague Mr Glenn Miller can make introductory statements in relation to the amendments to the Residential Tenancies and Rooming Accommodation Act 2008 if the committee would like that at this stage; otherwise, we can go to questions.

Mr STEVENS: If he could, please.

Mr Miller: The amendments to the Residential Tenancies and Rooming Accommodation Act are primarily in relation to the funding model of the Residential Tenancies Authority. At the moment the authority invests in bonds and seeks returns on those to fund its own operations. With this amendment it will no longer need to seek returns on those bonds to fund itself. It will instead be appropriated—administered grant funding—in order to maintain its operations. Related to that, there will be a statutory guarantee over those bonds so that it will be made explicit that the value of the bonds is protected where they are held on behalf of Queensland tenants. They are really the primary changes in relation to that act.

Mr STEVENS: Mr Miller, particularly in relation to the Residential Tenancies and Rooming Accommodation Act changes, as I understand it—I am going back a couple of years now—the rental bond money held was over \$100 million-odd and there was about \$8 million in terms of operational costs for the RTA. I am not sure of the updated figures. You would be.

Mr Miller: It is close to a billion dollars of rental bonds.

Mr STEVENS: Is that money going into the balance sheet of the government sector now that it has been taken away from a separate entity and who will have control over that particular account?

Mr Miller: The value of those bonds will still be held on the Residential Tenancies Authority's balance sheet. They will continue to receipt the money from tenants and they will then hold those bonds in a bank account. The change here is that, instead of then turning around and investing those moneys, they will be held in cash in a bank account by the Residential Tenancies Authority.

Mr STEVENS: It will not be in the government's accounts? That was the question.

Mr Miller: The Residential Tenancies Authority is part of the general government sector, but it will still be shown in the Residential Tenancies Authority's financial statements as that entity.

Mr TANTARI: I am particularly interested in the land tax treatment for trustees of special disability trusts. The bill amends the Land Tax Act to ensure that trustees of special disability trusts are subject to the higher tax-free threshold and lower land tax rates that apply to individuals. When would the proposed amendments to the Land Tax Act take effect and will they apply to the current financial year or the next financial year in relation to the special disability trust?

Ms Kross: The amendments are due to commence as at 30 June this year, which would mean they would be effective for the land tax year 2022-23.

Mr PURDIE: I go back to the issue of RTA bond money. That billion-odd dollars used to be invested and the profit made on the investment used to pay for the ongoing operation, but now it is going to be held in cash and the operation will be funded by the government; is that right?

Mr Miller: That is true, yes.

Mr PURDIE: Previously how much money was that bond money returning on investment?

Mr Miller: It was quite volatile. That is the fundamental issue that has arisen. When that funding model was set up a number of years ago, it was possible to earn returns of three, four or five per cent from holding cash term deposits and very low risk investments. As we have seen interest rates fall, the RTA has had to take on additional risk in order to try to deliver enough returns to meet its operations. In a number of years it has had losses and in other years there have been large gains. It depends on where financial markets have gone. The purpose of this is that they will not take on risky investments in order to fund their operations. They will instead be provided an appropriation.

CHAIR: In that way, you are encouraging them to hold in trust in a low-risk manner because you can ensure backing for the processes of the office continuing smoothly?

Mr Miller: That is right. It reduces the need to take on that risk to meet their operations.

Mrs McMAHON: I wanted to look at the part of the bill that refers to enforcement costs—that is, enforcement action to seize and sell real or personal property and the costs that are incurred by SPER in doing that. Could you talk us through what the regulation would do in terms of passing those enforcement costs on to the debtor?

Ms Kross: At the moment, the SPER legislation does anticipate that a regulation could be made to set out those enforcement costs for the purposes of having the debtor pay those rather than having those met by the state. This change is taking advantage of that. It is refining the definition of what those enforcement costs will be and also amending the regulation to specify the types of enforcement costs that can be recovered from the debtor. Those will include things like work performed by a locksmith, towing, transporting a vehicle, impounding a vehicle, if necessary storing and securing property, insurance and sale costs.

The sale and seizure powers are only ever exercised with debtors who are refusing to pay and obviously where there are high-value assets. You have to try to recover the debt out of those assets. Now as well it will be the recovery of costs. It will only be taken out of the sale proceeds. It will not be separately recovered.

Mrs McMAHON: So it does not add to the debt?

Ms Kross: It adds to the debt for the purpose of being able to recover it out of the sale proceeds. If there are not enough sale proceeds then it will not be added to the debt.

Mrs McMAHON: Obviously SPER handles a large quantity of defaulted fines. What percentage of those fines would result in you having to take action around the seizure and selling of property?

Ms Kross: It is a very low number. This is a power that our enforcement officers have probably in the most recent past been focusing on using. Obviously there has been a large focus on reducing that debt pool. It would be less than 50, the number of times that this has been used.

Mrs McMAHON: Of the thousands.

Ms Kross: Of the thousands and thousands. It is an extremely small number.

Mrs McMAHON: Do you have any figures to date in relation to the costs incurred by seizure and sale of property actions? How much has it cost the agency to manage that to this point?

Ms Kross: I certainly do not have those figures with me now, but I can get an indicative cost of what this measure is now going to allow us to recover from the debtor.

Mrs McMAHON: Can you take that notice?

Ms Kross: I will take that on notice.

CHAIR: That has been taken on notice. The essence is that this is a real encouragement for people who have a SPER debt to engage in a payment process rather than incur extra costs where the department has to seize an asset?

Ms Kross: Absolutely.

Mr STEVENS: I am a little confused in relation to the body worn camera regulations. The SPER fines are obviously issued by the private companies involved through SPER. I take it you are getting people with body worn cameras to film the process of the collection of those outstanding SPER debts. How does that work when you have these privately issued penalties being collected by a person wearing a body worn camera who is under your authority? Have we been through the privacy and other issues that go with that?

CHAIR: Ms Kross, there might be some cross-purposes here—

Ms Kross: Absolutely.

Mr STEVENS: Is that a play on words, Chair? That was an ordinary dad joke.

CHAIR: If it was, it was an unintentional one. I think Ms Kross might clarify some of the issues here.

Ms Kross: Absolutely. The offences for which an infringement notice can be issued are set out under the legislation. Those can be done through a vast range of government departments, councils, universities. They are all government or government related entities rather than private entities that issue the fines. Once they are uncollected or defaulted, they come across to SPER for collection.

Our enforcement officers have a range of powers that they use. A large number of those are dealt with in the office, with people calling and trying to get people to engage with us for payment arrangements. When they do need to go out into the field to take enforcement action, such as sale and seizure, immobilisation of vehicles and so on, they wear the body worn cameras to film the footage. That is the instance we are talking about when those cameras will be used. That footage is protected by all the privacy regulations. It is also protected by our own confidentiality provisions in the legislation. Its use is only for the purposes of the enforcement and administration of the SPER legislation. Otherwise, it is not disclosed. It is certainly not disclosed publicly. It is not used for media or any of those types of things. It is very restricted.

CHAIR: I think you may have been referring to Transurban in your question. In that case, there is a legislative framework underpinning the fines incurred. That becomes part of the debt. Is it possible that that is part of a pool of debt that SPER is acting on?

Ms Kross: Yes. Those other ones are with the Department of Transport and Main Roads. We get them from DTMR.

Mrs McMAHON: Referring to the reduced time frames that the bill allows for, I was wondering if you could talk us through what those time frames might look like in a case study or an example. I am familiar with the time frame of 28 days once you get a ticket. I think most people are. What is the current time frame? What does this bill propose and what are the advantages for all stakeholders in the reduction in that time frame?

Ms Kross: At the moment, as you said, you have 28 days to pay. Once it is defaulted it can be referred across to SPER. The referring agencies have basically until the end of the prosecution period in which they can refer, which is usually up to 12 months.

Mrs McMAHON: Is that 12 months from the offence date or 12 months from the due date?

Ms Kross: It is 12 months from the 28 days. From that point on, practically the experience we have in SPER is that that can be referred to us in real terms. Usually anywhere between two and six months is the average time across all the different agencies that it takes for the debt to get referred to SPER. That is reflective of the approach of different agencies—that is, whether they do multiple follow-ups themselves or try to undertake certain debt recovery action themselves before they refer it across to SPER.

With the integration changes that we have made administratively from 1 February and which this bill is seeking to provide legislative support for—all of the SPER infringement notices from QPS and the Department of Transport and Main Roads relating to camera detected offences that are coming across to QRO, which represent more than half of all of the fines that are out there in terms of both volume and value—we have already moved that time frame from 56 days down to 35 days. That has happened with the changes that have already occurred administratively.

Obviously, the benefit of moving the referral across to SPER as soon as possible is that the older a debt is the harder it becomes to collect, the more cost it takes to collect and the less likely it is you are going to recover it. The goal of the amendments to propose a framework to shorten that period is to enable SPER to act quicker and to have a higher rate of recovery and a quicker rate of recovery of those debts owing to the state of Queensland.

Mr STEVENS: As I recall, the outstanding amount in SPER was \$1.3 billion. Is that still the case?

Ms Kross: At around mid-February it was about \$1.2 billion.

Mr STEVENS: So it has reduced?

Ms Kross: Yes, it has reduced.

CHAIR: The committee recognises in shock that fact. Members such as the deputy chair and I have been following this issue for a long time. That is the first time we have heard that news. We note that it is still very significant. On the issue of people referring it to the State Penalties Enforcement Brisbane

Registry, is that not a different pool of people? If you get hold of people earlier, are they more likely to pay the entity involved than the average person referred to SPER or have you done calculations that show you are comparing a like group? I may not have made that clear. Is it a different pool of people or are you reflecting that when people are referred to the State Penalties Enforcement Registry they are more likely to undertake to pay their fine quicker?

Ms Kross: Part of the work we are doing in relation to that particular change is consulting with the relevant administering authorities—obviously not QPS and the Department of Transport and Main Roads but all the other administering authorities—to look at what their interventions are and what the issues would be if they had a shorter period of time to undertake those additional activities. Our experience is that the quicker it comes to us then—absolutely, once we engage in our enforcement activities, we definitely have a higher chance of recovering if not all of the debt then at least some of the debt. I think your question is: if we gave administering authorities an extra month, would a month in their hands be more or less effective than a month in ours?

CHAIR: Effectively, yes.

Ms Kross: That is the information we are working through with those agencies—that is, the success rate of collection for them and therefore not having to refer the debt to SPER is going to be the tipping point of the number of days. The benefit of SPER is that SPER has a much broader range of powers given to it by the parliament in relation to what activities can be undertaken to incentivise that payment than is generally available in standard debt collection.

CHAIR: Where, say, QUT issues a fine to a particular MP, who may be the chair of this committee, they obviously send out a letter, which you generally are annoyed by. At that point, under this legislation, they would simultaneously refer it to the State Penalties Enforcement Registry? Does their initial correspondence make clear that it will not simply rest with QUT and it will go on to SPER?

Ms Kross: Once we put the regulation through to engage this amendment to bring forward that time then we would be encouraging that. It could well be that very soon after the 28-day period that is required that referral could almost immediately occur. Particularly for those agencies that do take a long time to refer, so the ones that take closer to six months, it is about behaviour. Obviously a lot of this is about managing and modifying behaviour. People say, 'It is going to sit there so I can ignore it.' To understand that you get an immediate referral to SPER would incentivise even within the 28 days for a lot of people. That is absolutely something we will be talking to the administering authorities about.

Mr TANTARI: Following on from the deputy chair's question regarding the quantum of \$1.2 billion outstanding, do you have a rough estimate of how many individuals are within that \$1.2 billion? How many referrals are there outstanding?

CHAIR: I notice people are looking towards Mr Mew, who is looking at some data. Is there a pool of a limited number of individuals who have a significant part of that debt? Mr Mew might answer the member for Hervey Bay's question first.

Mr TANTARI: It is of interest.

CHAIR: Yes, we are interested.

Mr Mew: I think that is another question where we will have to come back to you with an answer.

CHAIR: Thank you. We are encouraged that there is some 'stabilisation' of the last two reports.

Mr STEVENS: I think it is an improvement, Chair.

CHAIR: It is early days yet, but it is certainly encouraging that there is a stabilisation because it was something where I know the deputy chair and I were really passionate about seeing some change, and we commend that stabilisation. There are no further questions, so on that encouraging note of stabilisation in the debts that SPER holds—which means significant recovery for the people of Queensland—we thank you for your contribution here today. I note that there were two questions taken on notice. If you need any clarification, please contact us through the email and the secretariat will ensure that is taken on board. We require responses to those questions taken on notice by 5 pm on Thursday, 31 March and we will be tabling them as part of the process.

I want to thank you for your information. I thank our Hansard reporters and the broadcast staff who are doing such good work back in their room. A transcript of the proceedings will be available on the committee's parliamentary webpage in due course. I declare this public briefing closed.

The committee adjourned at 12.16 pm.