



# Finalising unpaid fines

**Report 10: 2017–18**



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Front cover image is an edited photograph of Queensland Parliament, taken by QAO.

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## Reference to comments

In accordance with section 64 of the *Auditor-General Act 2009*, we provided a copy of this report to the Department of Transport and Main Roads, the Queensland Police Service, the Department of Justice and Attorney-General and Queensland Treasury. In reaching our audit conclusions, we have considered their views and represented them to the extent we deemed relevant and warranted when preparing this report.

Responses were received from the Department of Transport and Main Roads, the Queensland Police Service, the Department of Justice and Attorney-General, and Queensland Treasury. The responses are in Appendix A.

## Report cost

This audit report cost \$450 000 to produce.

Your ref:  
Our ref: 2017-9159P



22 February 2018

The Honourable C Pitt MP  
Speaker of the Legislative Assembly  
Parliament House  
BRISBANE QLD 4000

Dear Mr Speaker

**Report to Parliament**

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled *Finalising unpaid fines* (Report 10: 2017–18).

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Worrall', is positioned above the typed name.

Brendan Worrall  
Auditor-General

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## KEY FACTS

As at 30 June 2017:



**231 entities  
issue fines in  
Queensland**



**4.2 million fines  
were unpaid**



**\$1.2 billion was  
owing in unpaid  
fines**



**1.5 million fines  
were under a  
payment plan**



**708 367 unpaid  
fines were under  
enforcement**

*Source: Queensland Audit Office—using statistics reported on SPER's website.*

## Audit objective and scope

The objective of the audit was to assess the effectiveness and efficiency of public sector entities in finalising unpaid fines.

We assessed whether entities:

- collect sufficient, relevant and accurate debtor data
- are effectively managing their unpaid fines
- work together to effectively finalise unpaid fines
- use efficient practices and processes that prioritise timely finalisation.

Our scope included all fines issued between 2011–12 and 2016–17 by the Department of Transport and Main Roads (DTMR), the Queensland Police Service (QPS) including the Traffic Camera Office, and the Department of Justice and Attorney-General (DJAG).

It also included all unpaid fines referred to the State Penalties Enforcement Registry (SPER) between 2011–12 and 2016–17.

## Summary

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### Purpose and types of fines

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Public sector entities issue fines to penalise people who have deliberately or inadvertently broken the law, and to deter them from committing similar offences.

Most people pay their fines by the due date, but a small percentage do not. Some cannot afford to pay their fine; others wilfully choose not to.

The Sentencing Advisory Council report in 2014, *The Imposition and Enforcement of Court Fines and Infringement Penalties in Victoria*, stated:

until a fine is paid, the alleged offender has effectively avoided the penal consequence of their offending behaviour. Enforcement through payment, is therefore crucial to achieving the purposes of a fine.

To maintain the integrity of fines, timely and effective enforcement is critical. Delays by entities in issuing, referring, or enforcing fines reduce the chances of successful finalisation, diminishing the effectiveness of fines in the long term.

The challenge for the issuing and collection entities is in efficiently and effectively finalising those fines that remain unpaid, particularly for those people who refuse to cooperate or pay. These people account for a significant amount of outstanding fines debt owed to the state, and enforcing this debt can be difficult and costly.

### Types of fines

Fine debts owed to the state can result from:

- infringement notices (infringements), such as penalty, traffic, and marine infringement notices. This includes tolling infringements issued to alleged offenders for failing to comply with a demand notice
- monetary orders, including court-ordered fines and restitution and compensation orders.

In this report, we refer collectively to infringements and monetary orders as fines.

#### Infringements

The *State Penalties Enforcement Act 1999* provides the legislative basis for public sector entities, such as the Queensland Police Service (QPS) and the Department of Transport and Main Roads (DTMR) to issue infringement notices, commonly referred to as fines or tickets. It defines a person issued with an infringement as an alleged offender.

#### Monetary orders

The *Penalties and Sentences Act 1992* provides the legislative basis for Queensland Courts to issue monetary orders, including court-ordered fines and compensation and restitution orders. It defines a person served with a monetary order as an offender.

### End-to-end fines process

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Many entities can be involved in the end-to-end process of a fine, depending on whether they issue the fine, refer the fine to an enforcement agency, or act to enforce and recover the fine. Different minimum requirements apply for issuing and finalising infringements and monetary orders, mainly due to which legislation applies.



In Queensland, 231 entities (issuing entities) issue fines, including:

- QPS, including the Traffic Camera Office
- DTMR
- Queensland Courts.

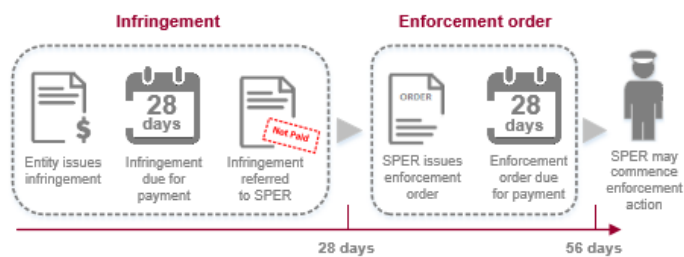
Of the 231 entities that issue fines, 71 (referring entities) refer unpaid fines to the State Penalties Enforcement Registry (SPER) for collection. QPS, the Traffic Camera Office, DTMR, and the Queensland Court Services account for 83 per cent of infringements referred to SPER between 2011–12 and 2016–17.

In 2000, the Queensland Government established SPER as part of the Department of Justice and Attorney-General (DJAG). In 2012, SPER moved to the Queensland Treasury and now forms part of the Office of State Revenue.

Queensland Court Services refer monetary orders to SPER immediately after the court makes the order. The process for infringements differs.

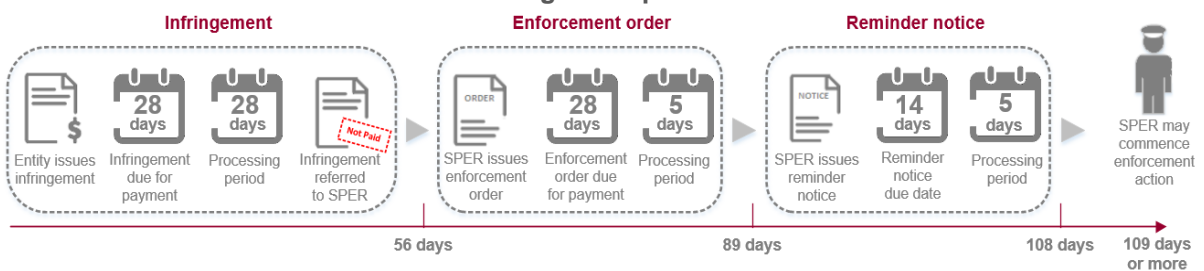
Figure A provides a basic overview of the infringement process in Queensland as required by legislation and Figure B shows how the entities put the process into practice.

**Figure A**  
Infringement process according to legislation



Source: Queensland Audit Office.

**Figure B**  
Infringement practice



Notes: The time when entities refer fines to SPER for collection vary. DTMR refers unpaid infringements it issues and those issued by QPS and the Traffic Camera Office to SPER after 56 days. The Queensland Court Services refers monetary orders issued by Queensland courts to SPER within 24 hours of being entered into the Queensland Wide Interlinked Courts database.

Source: Queensland Audit Office.

## Roles and responsibilities

### Queensland Police Service

QPS issues fines for various offences, including speeding, traffic, public order, marine, and fare evasion offences. It sends all fines it issues to DTMR to record in the Transport Registration and Integrated Licensing System (TRAILS) database.

Although the Traffic Camera Office forms part of QPS, we refer to it separately throughout this report, due to the specific role it plays in issuing infringements and its unique processes. It is responsible for issuing infringements for drivers detected by speed and red-light cameras under the Camera Detected Offence Program.

### Department of Transport and Main Roads

DTMR is responsible for the operation and management of Queensland's road infrastructure. It issues fines for a range of offences, including, bus, rail, marine and vehicle offences. DTMR refers unpaid fines it issues, and those issued by QPS (including the Traffic Camera Office) to SPER.

### Queensland Courts and Queensland Court Services

Queensland Courts is the branch of government that administers justice according to law. Queensland Courts issues monetary orders, which include compensation and restitution orders and court-ordered fines.

The Queensland Court Services is part of DJAG and provides administrative support to Queensland Courts. It generally refers monetary orders to SPER within 24 hours of entering them into the Queensland Wide Interlinked Courts database, for collection.

### State Penalties Enforcement Registry

Since 2000, SPER has been the primary entity responsible for collecting unpaid fines for the Queensland Government. Since its establishment, SPER has experienced significant changes to its operating environment. Over recent years, the volume and type of fines issued have dramatically increased. In May 2014, the Queensland Government approved reform of SPER to improve its management of unpaid fines.

## Audit conclusions

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The debt owed to the state from unpaid fines is influenced by the effectiveness and efficiency of entities across the end-to-end fines process—from the entities who issue or refer fines, such as QPS, the Traffic Camera Office and DTMR, to SPER who is ultimately charged with enforcing and collecting unpaid fines.

The QPS, Traffic Camera Office and DTMR do not consider proactive follow up of fines to be their responsibility. So, they do not issue reminder notices unless the alleged offender has registered with DTMR to receive electronic notifications. DTMR holds on to the fines (it, QPS and the Traffic Camera Office issue) for much longer than it needs to before referring them to SPER for collection. Because of entity practices beyond the legislated requirements, it is generally more than 109 days after QPS, the Traffic Camera Office and DTMR issue a fine before SPER commences enforcement action. There is no value in holding fines longer than necessary if the entities are not actively following up the fines to collect payment. It is therefore not surprising that QPS, the Traffic Camera Office and DTMR have not improved their effectiveness in collecting payment for unpaid fines over the six years we examined. Between 2011–12 and 2016–17, QPS and DTMR collected payment for less than half the infringements they issued, and these rates showed no improvement.

Delays QPS and DTMR have built into the end-to-end fines process over time reduce the likelihood of effective and efficient payment. Delays in recording fines in the TRAILS database means that some people are unable to pay their fines unless they physically attend a DTMR customer service centre. Electronic issuing of fines and automation of fines processes is more efficient than manual processes. At present, QPS and TMR issue some infringements electronically. More automation could help alleviate this and other issues, such as the accuracy and completeness of fines information.



SPER's effectiveness in finalising fines remained relatively steady between 2011–12 and 2016–17, but it has not kept pace with the high volume of tolling fines in 2014–15 and 2015–16. Because of this, the percentage of debts referred to SPER that it collected payment for within 24 months decreased. Over this period, the old and potentially unrecoverable debt has also increased. As a result, the unpaid fines debt owed to the state continues to increase. It has grown to the point where further debt write-off is needed. In many cases, pursuing old debts and those that lack sufficient information is uneconomical to the state. SPER has implemented the mechanisms to write off this debt, and needs to continue using it.

In 2016–17, SPER put measures in place to reduce the number of tolling fines it receives. Nevertheless, unpaid tolling fines remain an issue for SPER and DTMR to manage, particularly if more roads are tolled in the future, usage increases and payment rates are not improved.

SPER, with the cooperation of issuing and referring entities, has driven legislative, administrative and structural changes to help improve the way it fulfils its role of collecting and finalising unpaid fines. Some of the benefits of these changes are starting to take effect (such as vehicle immobilisation) and others will take more time before the benefits are realised.

But, all entities can do more to improve the payment and finalisation rate for unpaid fines. Key to this, is all entities adopting a more integrated end-to-end (cross-agency) approach to the fines process. This has the potential to improve effectiveness (payment and finalisation rates), efficiency (time and cost) and provide a better customer experience.

The entities we audited have demonstrated a willingness to work together to improve the fine collection process. The Penalty Debt Management Council is a vehicle to discuss and address deficiencies in the fines process. The council's challenge now is to determine the business improvement projects it will prioritise and oversee further change across the end-to-end fines process.

## Summary of audit findings

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Please note this is a summary of the audit findings. More information is in the following chapters.

### Recording infringements accurately and on time

DTMR records infringements it issues and those issued by QPS and the Traffic Camera Office in TRAILS. There is some integration of systems between QPS and DTMR for some infringements (for example Traffic Camera Office infringements), but not for others.

The QPS and DTMR have limited capability to issue infringements electronically. At present, only 600 hundred of the 14 500 police officers can issue electronic infringements. Very few DTMR officers can issue electronic infringements. At present, they have no plans to fully replace manual infringements, primarily due to cost.

Issuing infringements electronically can improve the quality of data and timely recording of infringements. In contrast, manual fines are more susceptible to error, misinterpretation, and recording delays. QPS and DTMR are not recording manual infringements in a timely manner. Forty-six per cent of all infringements they issue are manual and the entities are taking longer than 10 days to record 53 per cent of them. Delays recording infringements can cause delays in payment or finalisation (withdrawal or write off), or can make it difficult to finalise. Some infringements are not recorded in the system until after the payment period has expired.

## Payment rates for infringements

Between 2011–12 and 2016–17, DTMR referred more infringements (including those issued by QPS and the Traffic Camera Office) to SPER for collection than it received payment for under its own collection processes. Between 2011–12 and 2016–17:

- seven per cent of infringements issued by DTMR were paid (includes tolling infringements which have the lowest payment rate compared to any other infringement)
- 49 per cent of infringements issued by QPS were paid
- 50 per cent of infringements issued by the Traffic Camera Office were paid.

These entities do not analyse payment rates for the infringements they issue before referring unpaid infringements to SPER. Infringement analysis can provide insights into the different payment rates for different types of infringements and should be used to prompt alternative actions for infringements with consistently poor payment rates. It may also provide insights into trends and the deterrent effect of infringements for different offences. This information can be useful to inform decisions on initiatives and campaigns to address offending.

### Tolling infringements

The practice of referring unpaid tolling infringements to SPER is inefficient. It takes an average of 229 days from the time a person drives through a toll to the time SPER receives the unpaid tolling infringement. A delay of this extent reduces the likelihood of effective and efficient finalisation. The unpaid toll has been subject to multiple recovery efforts by the toll road operator (including sending a demand notice) by the time it is referred to DTMR. After issuing the infringement, DTMR waits 56 days before referring it to SPER. It does not follow-up with the alleged offender during the 56 days. As a result, few of the tolling infringements it issues are paid. Since 2011–12, the percentage of tolling infringements paid to DTMR has decreased from 17 per cent to five per cent in 2016–17. If DTMR referred these infringements earlier after the 28-day period, it would allow SPER to commence enforcement action sooner and potentially improve the payment rate.

## Issuing entities following up and referring unpaid infringements

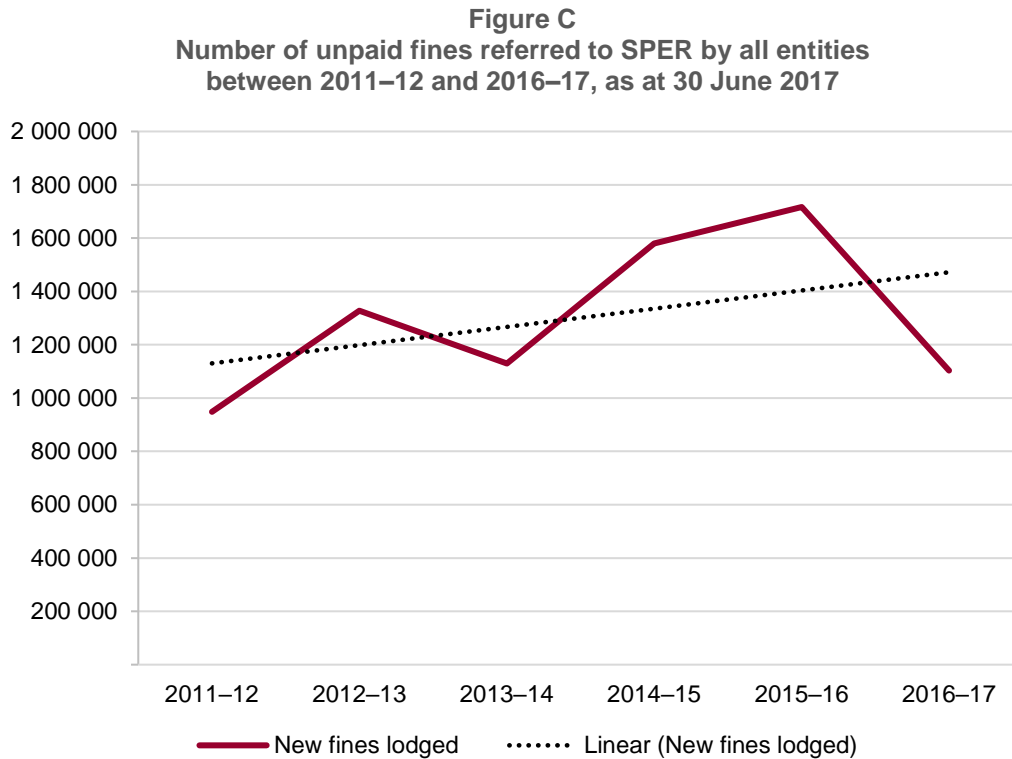
While DTMR, QPS and the Traffic Camera Office respond to customer queries, they do not actively follow up most of the infringements they issue before referring unpaid infringements to SPER. Thirty-eight per cent of infringements the entities issued remained unpaid after 56 days. They wait for people to pay their infringements and do not consider proactive management of infringements to be their responsibility. This results in delays and negatively impacts the finalisation of unpaid infringements.

The *State Penalties Enforcement Act 1999* requires these entities to provide an alleged offender with 28 days to pay an infringement. DTMR takes 56 days to refer fines it has issued and those issued by QPS and the Traffic Camera Office to SPER. While some days may be needed to process fines paid on the twenty-eighth day, the additional 28 days is an unnecessary delay, especially given that DTMR, QPS and the Traffic Camera Office do not use this time to follow up most of the fines they issue.

DTMR and QPS are starting to be more proactive with the introduction of electronic notices and reminders service, but at present only a small number of their customers are registered for this service. They are also collaborating on a project to develop an online portal through the DTMR webpage. Their intent is for the portal to provide people with information on the status of their infringements and the ability to conduct a range of queries and transactions.

## SPER managing and enforcing unpaid fines

Figure C shows the number of unpaid fines referred to SPER by state and local government entities and other entities, such as universities, between 2011–12 and 2016–17, as at 30 June 2017.



Notes: This includes all unpaid fines referred by state and local government entities and other entities, such as universities, and finalised by SPER.

Source: Queensland Audit Office.

The marked increase in unpaid fines referred in 2014–15 and 2015–16 was the result of a high number of tolling fines, which has since decreased. Tolling fines have a low payment (collection) rate and contributed to fewer fines being finalised from those years.

Overall, SPER's effectiveness in finalising fines remained relatively steady between 2011–12 and 2016–17, but the money owed to the state through unpaid fines continues to grow. As of 30 June 2017, SPER had finalised 57 per cent (4 475 872) of fines issued by entities between 2011–12 and 2016–17 and an additional 1 686 294 fines from prior years. Most, but not all, were finalised through payment of the fine. It is finalising fewer within 12 and 24 months of referral and the overall number of unpaid fines grew from 2 832 167 in 2012–13 to 4 225 133 in 2016–17. SPER issues an enforcement order in a timely manner but its processes mean it can be slow to take enforcement action. For debtors with one fine, SPER commences enforcement action approximately 52 days after a fine has been referred, and 109 days after a fine was issued. SPER sends a reminder letter after it has issued the enforcement order despite having already given the debtor 28 days to pay and despite the reminder notices having little influence on a debtor's payment behaviour. This delay by SPER exacerbates the earlier delays by DTMR in referring the unpaid infringement. By this time, the offender has received numerous notifications of the outstanding infringement and has had extensive opportunity to pay.

SPER is starting to make greater use of the enforcement options available to it. For example, it has increased its Vehicle Immobilisation Seizure and Sale (VISS) activities. Between 30 May 2016 and June 2017, it collected approximately \$1.6 million from VISS field operations. It will take time before the full effectiveness of its reforms and recent increase in enforcement actions can be assessed. SPER does not routinely assess the cost and effectiveness of its specific enforcement actions. It is implementing a new information technology system in 2018, which will give it more information to assess the cost and effectiveness of its enforcement actions.

Since 2014, SPER has started analysing and reporting regularly the volume, value and type of fines entities issue and refer, and those it finalises. This analysis has given SPER a better understanding of Queensland's unpaid fines debt and where to focus its enforcement efforts. It has also provided entities that issue and refer fines with more information about the fines they issue and SPER's finalisation rates for those fines. The entities provided no evidence of them using this information to inform their practices and operations.

### Working together to improve fines paid

Since 2014–15, the collaboration that has occurred through the Penalty Debt Management Council (PDMC) and various working groups demonstrates a willingness by entities to work together to improve the fine collection process.

Since its establishment, the PDMC has helped SPER with its recent reforms. It endorsed initiatives that contributed to SPER's legislative changes. It has also helped improve collaboration and monitored the performance of penalty debt management across the fine collection process. It has produced two annual reports which capture the performance of entities that issue, refer, and enforce fines and provides in-depth analysis of factors that influence payment behaviour. But entities could better use this analysis to improve the end-to-end fines process.

The PDMC is yet to determine the business improvement projects it will lead into the future to deliver greater penalty debt management outcomes across government.

# Recommendations

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## All entities

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We recommend that all entities, led by the Penalty Debt Management Council:

1. develop a plan to improve the end-to-end fines collection process to:
  - reduce the time taken to record, refer and enforce fines. The Department of Transport and Main Roads (DTMR) referring fines earlier will allow for more timely enforcement action (Chapters 2 and 3)
  - identify opportunities to further automate their processes and, in the interim, methods for reducing the time taken to record manual fines (Chapter 2)
  - provide a central (one-stop) point of reference for people fined to accurately track the location and status of their fines across the end-to-end fines process and to ensure ease of payment, nominations or finalisation of their fine (Chapter 2)
  - facilitate dispute management and debt recovery through further integration of entity systems. (Chapter 3)
2. analyse the payment and write-off rates of different fine types to identify opportunities to improve debt recovery and write-off rates. (Chapter 2)
 

This would also allow entities to consider trends and factors in offending and whether fines are an effective sanction for specific offences.
3. conduct further analysis and collaborate to develop options for managing problematic debtors who do not pay their debt, despite the use of all available enforcement actions (acknowledging imprisonment is the option of last resort). (Chapter 3)
4. develop processes and practices to provide magistrates with access to offender debt history to inform magistrates about a person's capacity to pay a fine, consistent with their obligations under the *Penalties and Sentences Act 1992*. (Chapter 3)

## Department of Transport and Main Roads

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We recommend that the Department of Transport and Main Roads:

5. reviews the tolling framework, in collaboration with Transurban Queensland and the State Penalties Enforcement Registry, to better manage tolling debts. (Chapter 2)
 

This should include:

  - improving information sharing to enable Transurban Queensland to better communicate with customers to recover tolls and avoid referring them to DTMR to issue infringements
  - earlier referral by Transurban Queensland to DTMR of those alleged offenders that have failed to comply with their demand notice—in accordance with the agreed tolling arrangements.
6. establishes clear business rules, in accordance with legislation, to manage fines where it receives a driver nomination and ensure it is not unnecessarily withdrawing these fines. (Chapter 2)

This should include clarifying the legislation and assessing the need for legislative amendment.

## State Penalties Enforcement Registry

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We recommend that the State Penalties Enforcement Registry:

7. develops processes and measures to assess the cost and effectiveness of its enforcement actions. (Chapter 3)
8. seeks from the minister revised and updated debt write off guidelines in accordance with Section 150B of the *State Penalties Enforcement Act 1999*.

The revisions should include guidance to ensure regular and timely assessment of the suitability of aged and unrecoverable debt for write off. The assessment should be based on the cost of pursuing the debt and likelihood of collecting it. (Chapter 3)

9. assesses and writes off aged and unrecoverable debt in accordance with the revised debt write off guidelines.

Records should be maintained to support the amount written off and a clear explanation of the reasons for the debt write off. (Chapter 3)



# Auditor-General reports to parliament

## Reports tabled in 2017–18

Number	Title	Date tabled in Legislative Assembly
1.	Follow-up of Report 15: 2013–14 Environmental regulation of the resources and waste industries	September 2017
2.	Managing the mental health of Queensland Police employees	October 2017
3.	Rail and ports: 2016–17 results of financial audits	December 2017
4.	Integrated transport planning	December 2017
5.	Water: 2016–17 results of financial audits	December 2017
6.	Fraud risk management	February 2018
7.	Health: 2016–17 results of financial audits	February 2018
8.	Confidentiality and disclosure of government contracts	February 2018
9.	Energy: 2016–17 results of financial audits	February 2018
10.	Finalising unpaid fines	February 2018

## Contact the Queensland Audit Office

