



**ACT**  
Government

2016

## Government Response

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Standing Committee on Public Accounts Report 22 of  
February 2016: Review of Auditor-General's Report  
No. 1 of 2015: *DEBT Management*

Presented by  
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Treasurer

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## Introduction

The ACT Government welcomes the Standing Committee on Public Accounts' Report No. 22 of February 2016 – Review of the Auditor-General's Report No. 1 of 2015: *Debt Management* (the PAC Report).

The Auditor-General undertook a performance audit on the effectiveness of management of debts by ACT Government entities, particularly debts owed by non-ACT Government entities and tabled its Report No. 1 of 2015: *Debt Management* (the Audit Report) in February 2015. The Audit Report included nine recommendations aimed at implementing improvements in debt management within the ACT Government. The Government notes that the Audit Report did not identify any serious weaknesses and found that the five directorates subject to detailed audit analysis have overall sound procedural and administrative arrangements for debtor management.

The Government tabled its response to the Audit Report in October 2015. The Government agreed to two, agreed-in-principle to one and noted the remaining six recommendations. The implementation of the six recommendations that were noted is constrained by a number of complexities including, the specific nature of debts and associated legislation and policies, social sensitivities, ICT and commercial considerations.

The Standing Committee on Public Accounts examined the Auditor-General's Report No. 1 of 2015: *Debt Management* (the Audit Report) and presented the PAC Report in February 2016. The PAC Report includes two recommendations. The PAC Report acknowledges that debt is a complex problem and strategies to recover debt need to recognise genuine hardship. However, any improvements that can be made towards debt recovery yields are potential sources of revenue.

The PAC Report is welcome and the Government will continue to consider improvement strategies in targeted areas.

The Government Response addresses the two recommendations made in the PAC Report.

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## Responses to the Auditor-General's Recommendations

### RECOMMENDATION 1

**The Committee recommends that the ACT Government should give further consideration to a whole-of-government approach to debt management—specifically, in the first instance it should undertake a strategic whole-of-government review of debt management arrangements as a means of determining a framework for such an approach and its subsequent implementation.**

#### ***Noted.***

*The Government refers to its response (noted) to the associated recommendation 9 in the Auditor-General's Report.*

*The Auditor-General acknowledges in its Report that the ACT Government entities selected for detailed analysis, had overall sound procedural and administrative arrangements for debt management.*

*The existing debt management arrangements within ACT Government agencies are considered reasonable and in the Government's view do not justify a strategic whole-of-government review considering the extensive work of the Auditor-General in this audit.*

*Agency specific legislation, policies, social sensitivities (including personal circumstances and genuine hardship) and ICT systems, all combine to make it problematic to recommend meaningful and cost efficient improvements for broad application by agencies.*

*However, the ACT Government is currently considering improvement strategies in targeted areas. A paper is being developed by Shared Services for consideration by the ACT public Service Strategic Board in June 2016.*

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## RECOMMENDATION 2

The Committee recommends that the ACT Government inform the ACT Legislative Assembly by the last sitting day in May 2016 as to the parameters for its review of existing debt management processes—with particular reference to:

- (i) whether the discussion paper being developed by Shared Services for the purposes of ‘commencing dialogue on the matter with the directorates’ is complete—and if not, expected completion date;
- (ii) detail on specific review milestones; and
- (iii) expected timeline for completion.

### ***Agreed***

*Dialogue on this matter has commenced in a number of governance forums. External debt collectors/ purchasers and regulators have also been consulted.*

*The discussion paper referred to in the recommendation has been evolving during the course of these discussions and will now be in the form of a paper for consideration by the ACT Public Service Strategic Board in June 2016. The paper will provide options for a targeted, sequenced and cost effective implementation of a more centralised model of end-to-end debt management within the ACT Government. The paper will take into consideration the complexities and constraints associated with the implementation of the proposed strategies, for an informed decision. Debts managed by the ACT Revenue Office will not be covered within the scope of this paper.*