QTON No. 37

Legislative Assembly for the Australian Capital Territory

Standing Committee on Public Accounts and Administration

Inquiry into Annual and Financial Reports 2023–2024

Answer to question taken on notice

Asked by: Mr Shane Rattenbury MLA

Addressed to: Ms Rachel Stephen-Smith MLA

In relation to: Revenue Management

Hearing: 17 February 2025
Uncorrected Proof Transcript pp 16, 17, 18
Transcript provided: 24 February 2025
Answer Due: 03 March 2025

Mr Kim Salisbury, Executive Group Manager, Revenue Management, Treasury, CMTEDD took on notice the following questions:

Mr Rattenbury: Yes, thank you. I want to ask about the, in the Volume 2.1 of the Annual Report, under Revenue Management, at Page 143, there is a table of accountability indicators that talk about debt management. And particularly the difference between the target for overdue rates and overdue debt and the actual results. Both of them are well above the targets. There is some explanation in the notes, but I wanted to see if you can tell me what the actual level of debt is under both of those categories.

Ms Stephen-Smith: Sorry, Mr Rattenbury. Can you just give me the page number again?

Mr Rattenbury Yes, 143, in Volume 2.1.

Ms Stephen-Smith: I love this.

Mr Rattenbury: I know, actually asking about the Annual Report in Annual Reports Hearings. Who knew?

Ms Stephen-Smith: I know. It is amazing. But this is a Revenue Office question, Kim.

Mr Salisbury: Yes, so I am Kim Salisbury, I am the Executive Group Manager of Revenue. And I acknowledge the privileges statement.

Minister, I do not have the actual debt figure with me. I think I took it on notice at the hearings on Thursday. So we will come back and report on that—

Mr Rattenbury: I am sorry, I missed that one on Thursday. So I will keep an eye out for it.

Mr Salisbury: We will report on that number.

Ms Stephen-Smith: I think just a general point though, and Mr Salisbury can correct me if I am wrong, but there has been - because of the pause that was put on debt recovery during COVID-19 pandemic, that amount of overdue rates has been higher than target because there was a pause put on collection activities. Some of which is now being addressed.

Mr Rattenbury: Sure. That perhaps goes to my next question. Firstly though, in providing those figures, are you able to provide a breakdown between the amount owed by individuals as opposed by corporate entities?

Mr Salisbury: We will look at what we can do. I am not sure that we can, it would rather be by residential and commercial and rural properties.

Mr Rattenbury: Perhaps that is the way. That is fine. Thank you. I do note in the Annual Report it references there will new measures introduced, and the minister has just touched on this, to reduce the amount of outstanding debt. Could you please outline what these measures will be?

Mr Salisbury: The new measures will be putting more staff into our debt recovery area, which we are recruiting to do at the moment. The other measure is that we are looking at opportunities provided by our business intelligence area to identify owners of multiple properties who have small amounts of debt against each of the properties. When you total those up, it is a significant amount of money. So rather than looking to promote compliance with debt recovery on an individual property basis, we would group the owners of those properties together and then look at recovering against that single owner.

Mr Rattenbury: And in that process, how do you balance effectively, essentially cost of living pressures, which we know many in the community are subject to, with the government's important role of debt collection?

Mr Salisbury: Yes, so the debt is due and payable. So we would encourage people to pay the debt. With commercial, I guess, you would look at debt recovery on a taxpayer-by-taxpayer basis, trying to understand the – I guess, the means and resources available to the individual taxpayer. So if it was on a commercial property, you had a large commercial property developer, the strategy that you would employ there would be quite different if it was somebody who, once they got their debt notice, they had contacted the revenue office, and I have got a problem paying that.

In that case, we would direct to our hardship sort of provisions. There is a hardship deferral that is available for rates. If the person was in desperate financial situation, we would perhaps refer them to a financial counsellor. If someone had a range of debt issues, they had a Mastercard to pay, a utilities bill to pay, and a rates notice to pay, we would suggest that maybe they should approach their financial institution to get a line of credit that is probably cheaper than the interest rate that we are imposing through our standard interest rates on rates.

Mr Rattenbury: And are you able to give us any indication of whether you have seen an increase in people contacting you, asking for hardship arrangement? Has that changed in recent times?

Mr Salisbury: Not that I am aware of. But that perhaps reflects that we have not worked this tax line very hard at this point, particularly for the point that the minister has made that we – that dried off during the period of COVID, we have not ramped up our debt recovery as we might normally have in recognition of the types of pressures that households are under at the moment.

Mr Rattenbury: And if I can, just finally on the sort of revenue side of the equation. The December financial statements put receivables at $1,415 million. Whereas the budget expected is to be $951 million. That is a significant difference. Can you tell us, collectively, not you necessarily Mr Salisbury, what the basis of that difference is between the budgeted line and the purported line in December.

Mr Salisbury: I think we might take that on notice, if that is okay. That might be the best way to answer that one.

Mr Rattenbury: That is fine. Thank you.

Mr Salisbury: Sorry, were you looking at the year to date or the projected for the—

Mr Rattenbury: I have not got it in front of me. I think it was—

Mr Salisbury: It might depend on particular revenues lines through the year as well. If it is year to date that you are comparing.

Mr Rattenbury: Yes, I think it was the budgeted – the projected, sorry.

Mr Salisbury: Okay. All right. Well we will take that.

Mr Rattenbury: Thank you. It is on page 11, if that helps. I just do not have it right in front of me.

Ms Rachel Stephen-Smith MLA: The answer to the Member's question is as follows:

The value of overdue collectable debts underlying Accountability Indicators Output 5.1, Table 8, *Chief Minister, Treasury and Economic Development Directorate Annual Report 2023-24* (Vol 2.1, p.143) are as follows:

a. for rates, $76.06 million (57 per cent attributable to individuals, 43 per cent attributable to entities); and

b. for tax debts (not including rates), $64.81 million (41 per cent attributable to individuals, 59 per cent attributable to entities)

The budget referred to for receivables is the estimated closing balance as at 30 June 2025 ($951 million) which is being compared to an actual outcome as at 31 December 2024 ($1,415 million). The balance reflects amounts owed to the Territory which are converted to cash once paid (for example the billing of general rates). The balance at any given time fluctuates throughout the year as new amounts become owed and existing amounts are paid.

Approved for circulation to the Standing Committee on Public Accounts and Administration

Signature: Date: 6/3/25

By the Minister for Finance, Rachel Stephen-Smith MLA