

Debt Recovery Policy



Record number	D20/96031
Responsible Manager	Manager, Finance and Rating Services
Other key internal stakeholders	Director Organisational Services and Excellence
Last reviewed	8 December 2020
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Legal requirement	N/A
Due date next review	2023

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1. PURPOSE

The purpose of this policy is to set out Council's principles in regard to the management of debt and to ensure that money owed to Council is collected as soon as possible through efficient and effective debt recovery practices. This policy will assist to ensure a strategic, equitable, accountable, consistent and transparent approach to Council's debt management, collection decisions and practices.

Rate related debts are addressed in the Late Payment and Sale of Land for Non-Payment of Council Rates Policy and as such are not covered by this policy.

2. POLICY

2.1 Debt Management and Recovery Principles

The management and recovery of outstanding debt is an important aspect of the Council's financial management function. The principles that will apply in the management and recovery of debt are as follows:

- a. Council has a responsibility to recover monies owing to it in a timely and efficient manner in order to finance its operations and ensure effective cash flow management
- b. Council will operate effective billing and debt collection processes
- c. Council aims to minimise the amount of outstanding monies that is owed
- d. Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required
- e. If a debtor cannot meet their obligations by the due date, it is in the interests of the debtor and the Council, that the debtor contact Council at the earliest opportunity to make appropriate arrangements to address the debt
- f. Council will explain the debtor's rights and obligations in relation to any action that Council might take to recover debt
- g. Council will not issue a letter of demand to a debtor without first taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt
- h. Once a letter of demand has been issued and payment still has not been received, legal action will proceed and any settlement negotiations will be made "without prejudice" so that the legal right to collect the debt is not compromised
- i. Outstanding debts relating to a rateable property will be transferred to the rates payment in accordance with section 144 of the Local Government Act 1999
- j. Debt may be written off in accordance with Council approved delegations, if there is no reasonable prospect of recovering the debt or if the costs of recovery are likely to equal or exceed the cost of the debt and reasonable attempts have been made to recover the debt
- k. Individual debt in excess of \$5,000 will require a resolution of Council to proceed with the debt write off.

2.2 Debt Management

The following debt collection practices will be applied to all outstanding non rates related debts:

- a. Invoice will be raised requesting payment terms of 30 days unless otherwise specified in legislation
- b. Statements will be issued at the beginning of each month where an account is in arrears for 30 days or more, debt collector stickers will be attached allowing 14 days for payment or alternative arrangements made
- c. The letter will state that failure to make payment in full or to enter into an arrangement will result in the commencement of legal action
- d. Where no response has been received, outstanding debt will be forwarded to Council's debt recovery agency.
- e. An amount payable in relation to rateable (or other) property or payable by a person as the owner (or occupier) of rateable or other property within the Council area, then the debtor will be advised that the debt will be added onto their rates account in accordance with section 144 of the Local Government Act 1999.
- f. This debt will then be treated as outstanding rates and will be collected according to the Late Payment and Sale of Land for Non-Payment of Council Rates Policy.

3. DEFINITIONS

Nil

4. LEGISLATIVE FRAMEWORK

There is no legislative requirement for Council to have a policy relating to this area.

Local Government Act 1999

Section 124 of the Act provides that Council must keep correct and adequate accounting records in a manner that will enable:

- The preparation and provision of financial statements
- Council's financial statements to be conveniently and properly audited.

Section 125 of the Act provides that Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained.

Section 133 of the Act provides that Council may obtain funds:

- In accordance with this or another Act: and
- As appropriate in order to carry out its functions under this or another Act.

Section 143 of the Act provides that Council may write off bad debts owed to the Council;

- If the council has no reasonable prospect of recovering the debts; or
- If the costs of recovery are likely to equal or exceed the amount to be recovered.

Section 144(2) of the Act provides that Council may recover any amount payable to Council in relation to something done in respect of rateable or other property after giving at least 14 days' notice, as if it was a rate declared on the property.

4.2 Other references

Council's document including:

- a. Council's Fees and Charges Register
- b. Late Payment and Sale of Land for Non-Payment of Council Rates Policy

5. STRATEGIC PLAN/POLICY

5.1 Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Leadership	
<i>Leadership and advocacy is focused on the long term interests of the community</i>	The Debt Recovery Policy provides for a consistent process in ensuring that outstanding funds are recovered in the recovery of unpaid debt.
<i>Customer service provides a positive experience for people and is based on honesty and transparency</i>	
<i>Decision making is informed, based on evidence and is consistent</i>	

5.2 Organisation Plan

Our Strategic Plan is supported by an Organisation Plan which focuses on four key themes of organisational excellence. The themes most relevant to this report are: Customer Care; Learning & Growth; Future Capability; Sustainable Operations.

6. POLICY IMPLEMENTATION

This Policy will be implemented by the Chief Executive Officer or relevant portfolio director and managed in accordance with Council's scheme of delegations.