

POLICY

TITLE:	DEBTOR MANAGEMENT POLICY		
DIVISION:	OPERATIONS		
ADOPTED BY:	CEO		
DATE OF ADOPTION:	26 April 2023	DATE OF REVIEW:	26 April 2028
POLICY NUMBER:	FIN01		
LEGISLATIVE REF:	Division 11 <i>Local Government (General) Regulations 2021</i> CP83 Delegation Manual		

THIS POLICY APPLIES TO: All Council employees

1. INTRODUCTION

Council requires significant levels of income to provide an extensive range of services to the community and receives this income from various parties including residents, community and sporting groups, businesses and other levels of government. This income is received for different purposes such as user charges, statutory charges, grants and subsidies. To assist in delivering these services effectively and efficiently, Council should receive this income in a timely manner

1.1. Purpose

Purpose this policy sets out a clear, equitable, accountable and transparent process that Council will follow for its debt management and collection practices. The policy will also aim to ensure that all debts owed to Council are received by the due date or followed up within specified timeframes.

1.2. Scope

This policy applies to Council wide management of debtors and related debts.

2. POLICY STATEMENT

2.1. Policy Outline

2.1.1. The Council has a responsibility to recover monies owing to it in a timely and efficient manner and in accordance with the relevant legislation. Division 11 of the *Local Government (General) Regulations* requires the CEO to:

- ensure that proper records are kept of debts owed to the Council
- the records are to be kept by computer and must be capable of being arranged:

- according to the category of the debt (distinguishing in particular between debts for, or related to rates and other debts)
- and according to the age of the debt.

2.2 Debt Management Practices

Council will apply prudent debt management practices including:

2.2.1 Raising invoices

Invoices must be raised where money is owed. Account details must be recorded correctly and GST applied as appropriate

2.2.2 Monthly Statement

Issuing monthly statements to overdue sundry debtors at the end of each month and issuing instalment notices to rate payers prior to the instalment falling due

2.2.3 Payment Arrangements

Council may enter into a payment arrangement with any ratepayer.

2.2.4 Reporting

Regular reporting to Council on overdue and outstanding debtors

2.2.5 Debt recovery approach

- implementing a systematic debt recovery approach based on 30 day, 60 day and 90 day timeframes for sundry debtors and using instalments for rate debtors
- issuing follow up letters to sundry debtors and instalment notices to rates debtors
- referring aged debtors to Council's debt collection agency who may issue letters of demand allowing for seven days payment prior to instigation of legal action
- for outstanding rates debts, applying for a Caveat to be issued against a property for non-payment of rate.
- initiating legal action which generally will start with a Statement of Liquidated Claim, followed if necessary by a Writ of Execution or a Garnishee Order. Council may in specific circumstances initiate action under Section 173 of the *Local Government Act* (sale of Land for Non-Payment of Rates)

2.2.6 Cessation of services

Where debts have been incurred in relation to the provision of services and these debts are overdue, Council will review whether further services will be provided to the debtor until the overdue amounts have been paid

2.2.7 Writing off Debt

Recommending the writing off of debts when all avenues of recovery have failed or it is considered uneconomical to proceed further

2.2.8 Cancellation Charges

Where Council has incurred charges in relation to legal fees, other lodgement or cancellations fees for lodgement and removal of a statutory charge, these charges are to be charged to the ratepayer.

2.2.9 Management of Debts

2.2.10 The CEO may enter into arrangements for the payment of outstanding debts over a period of time, as long as the objective is to ensure payment in full and there is a reasonable prospect of the debt being repaid. At the CEO's discretion an agreement may provide for an appropriate interest rate to be applied to any outstanding debt.

2.2.11 Doubtful Debts

2.2.12 Aged debts other than rates greater than 150 days shall be identified and provided for as a doubtful debt. Aged debts, other than rates less than 150 days may be provided for as a doubtful debt if the recovery of the debt is considered unlikely.

2.3 Writing off Bad Debts

2.3.1 Debts may be written off by resolution of Council (either wholly or in part) however Regulation 27 of the *Local Government (Accounting) Regulations* provides that this may only occur where the CEO has certified in writing that

- if the debt is for rates – that there is some doubt whether the rates were properly imposed, or a recoverable at law, or it would be impracticable or uneconomical to recover the rates; or
- if the debt falls within some other category – that the CEO has made all reasonable efforts to recover the debt and it is not reasonably possible to recover it.

2.3.2 Pursuant to provision Division 11 S32 of the *Local Government (General) Regulations 2021*, the Council may write off the interest accumulated on an unpaid rate debt, as per the following table:

Financial: Rates debts

FUNCTION	Amount and / or Qualification	DELEGATED AUTHORITY
Authority to write off rate debts, the CEO must certify in writing the reasons for writing off the debt as per Regulation 32.	Where principle debt paid and less than \$5.00 remains	CEO has delegated to the Rates Officer
	Not exceeding \$100.00	Chief Finance Officer
	Over \$100.00 to \$1,000.00	CEO
	Over \$1,000.00	Council

Approved/Not Approved

Russell Anderson
A/Chief Executive Officer

26 / 4 /23