

COUNCIL POLICY – Sundry Debt Recovery Policy	
Reference Number	704123
Responsible Business Unit	Finance
Responsible Officer	General Manager Corporate Services
Legislation	Local Government Act 1999 Local Government General Regulations 1999 Local Government Financial Management Regulations 2011 Local Government Finance Authority Act 1983 Rates and Land Tax Remissions Act 1986
Relevant Delegations	Chief Executive Officer General Manager Corporate Services
Related Policies Management Guidelines Frameworks	Financial Sustainability Policy Rates Sundry Debt Recovery Policy Lerwin Debt Recovery Policy Fees Policy – Community Care Management Guideline Privacy Policy
Link to Strategic Plan	5.4 - Transparent
Council resolution	137.1
Date Adopted	14 August 2017
Review Date	September 2019
Previous Revisions	Item 220.1 – 14 September 2015 8 September 2014 – item 122.12
POLICY STATEMENT	
To ensure a fair, equitable and consistent approach to Council's debt management and collection processes in an effective and timely manner. Council will attempt to recover all costs, interest and expenses incurred by Council while recognising the need to identify and consider individual cases of genuine hardship.	
OBJECTIVES	
Council depends on income from debtors to fund services and facilities for the community. This policy provides the practice for Council to recover unpaid monies from sundry debtors.	
SCOPE	
This policy will apply to the collection of outstanding monies from all sundry debtors of Council and will apply to new debtors as of the date of Council approval and outstanding debtors as of 1 September 2015.	
PRINCIPLES	
<p>The principles that will apply in the management and recovery of debt are:</p> <ul style="list-style-type: none"> • Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management 	

- Council will operate effective and efficient billing and debt collection processes
- Council aims to minimise the amount of outstanding monies that it is owed
- Council will recognise genuine financial hardship and treat people with respect and compassion in considering their circumstances
- Council will treat all people fairly and consistently under this policy
- 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
- Council will not place an outstanding debtor with Council's debt collection agency without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt
- Once a final letter of demand is issued legal action will proceed and any settlement negotiations will be made on a "without prejudice" basis so that the legal right to collect the debt is not comprised.

IMPLEMENTATION

Sundry debtors become overdue when not paid in accordance with the terms on the invoice issued by Council. Council's standard payment term for sundry debtors is 30 days.

Council may apply an administration charge to sundry debtors that are overdue. Where Council incurs legal costs for debt recovery, the legal costs will be recoverable from the debtor.

All payment arrangements outside of Council's standard terms of payment must be applied for in writing and is only recognised when the debtor is provided with written approval from Council of the payment arrangement.

Information regarding payment arrangement plans and progress payments of overdue sundry debtor accounts will be made available to the debtor upon written application.

The Council may at its discretion remit penalties and related expenses for late payment of sundry debtors where genuine hardship can be substantiated.

Commonwealth Home Support debtors will be treated in accordance with the Fees Policy Client Contributions Management Guideline December 2016

Debt Management Process

The following debt collection practices will be applied to all **outstanding sundry debts** (greater than 30 days) without any payment arrangement in place or default of payment arrangement:

- i) A reminder requesting payment or to contact Council to enter into an approved payment arrangement.
- ii) Where no response is received, telephone contact and/or reminder letter requesting payment within 30 days or to contact Council to enter into an approved payment arrangement. Administration fees may be incurred and charged according with section 144 of the Local Government Act 1999.
- iii) Where no response is received, a letter of final demand will be issued by registered post requesting payment within 30 days. If the debt relates to a

- charge against a property 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. The letter will state that failure to make payment in full or to enter into an approved payment arrangement will result in the commencement of legal action.
- iv) Where no response is received, outstanding debt will be forwarded to Council's debt recovery agent.
 - v) Any outstanding debtor will not be provided with future credit until the debt is paid.

Any customer whose debts were sent to the debt recovery agent should be aware that their credit history may be affected.

Provision for Doubtful Debts

- a) Aged debts greater than 150 days shall be assessed as to whether there needs to be a provision made for doubtful debt, having regards to:
 - i. the size and nature of the debt
 - ii. The debtor in question
- b) Aged debts less than 150 days may be provided for as a doubtful debt if the recovery of the debt is known to be unlikely (i.e. debtor is in liquidation, bankrupt or not locatable).

Write Off of Bad Debts

Debt may be considered for write off in accordance with Council approved delegations if there is no reasonable prospect of recovering the debt or the costs of recovery are likely to equal or exceed the amount to be recovered and reasonable attempts have been made to recover the outstanding amount. Debts will be written off in accordance with sections 143 of the Local Government Act 1999.

All amounts written off must firstly be certified by the Chief Executive Officer that:

- reasonable attempts have been made to recover the debt; or
- the costs of recovery are likely to equal or exceed the amount to be recovered

All debts written off will be reported to Council on an annual basis and will include the amount written off, description and reason for the write off.

DEFINITIONS

"Debtor" is an individual, organisation or other party that transacts with Council for the purchase and/or provision of goods or services from Council that result in a commitment to pay at a future time.

"Debt" is the amount of money owed by the debtor as a result of a transaction with Council.

"Default" means where a Council approved payment arrangement is in place and payments are not made as agreed by the principal ratepayer.

“Financial Hardship” means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

“Payment arrangement” means where the debtor forwards a written proposal for alternative arrangements for payment of the debt to the terms on the invoice and Council provides written approval of the proposal.