

SUBJECT: <i>DEBT COLLECTION POLICY</i>	FILE NO:	FIN/1400 - FIN/1205
ADOPTED BY COUNCIL ON: 19 September 2008	MINUTE NO:	381.09.08
AMENDED BY COUNCIL ON: 22 October 2009	MINUTE NO:	406.10.09
AMENDED BY COUNCIL ON: 15 July 2010	MINUTE NO:	188.07.10
AMENDED BY COUNCIL ON:	MINUTE NO:	

Introduction

The main objective of this policy is to ensure that Council minimises its outstanding rate and debtor balances at all times and that outstanding debts are processed in an orderly and equitable manner.

This policy has been adopted by Council to formalise the procedure for dealing with defaulting debtors including:

- Rate Debtors
- Sundry Debtors

Objective

The objective of this policy is to ensure that all debtors who do not meet their obligations to Council will be treated in a fair and consistent manner. It allows for the following procedure to be followed by Council staff when dealing with overdue debtors.

Identification

Interest and Penalties for rate debts are to be calculated in accordance with the current Rates Resolution of Council.

Sundry debtors have 30 days to pay. This may be extended only by the written permission of the General Manager.

Outstanding rates debtors' accounts are to be pursued in the following manner:

- Once two outstanding accounts or instalments are overdue (at least 21 days from the last due date), totalling over \$50.00, the account holder is to receive a letter requesting payment within 14 days or they will be placed with Council's debt collection agency.
- If payment is not received within 14 days or a payment arrangement entered into, the debt is to be lodged with the agency.
- The account holder is required to pay all costs in relation to the recovery of the debt.

- If payment is not received within 3 years the General Manager may recommend to Council the sale of land by public auction for unpaid rates, in accordance with Section 137 of the Local Government Act 1993.

Outstanding sundry debtor accounts are to be pursued in the following manner:

- Statements are to be issued monthly.
- When the account is 30 days overdue a “Friendly Reminder – Your Account is Overdue” sticker is to be attached.
- When the account is 60 days overdue an “Any Reason?” sticker is to be attached to the statement.
- On the following statement a “Final Notice – Payment within 7 days or legal action will be taken” sticker is to be attached to the statement.
- For any amounts still outstanding over \$50.00, the account holder is to be notified in writing that they are going to be placed with Council’s debt collection agency if payment is not received within 14 days. If payment is not received or a payment arrangement entered into after this period the account is to be lodged with the agency.
- The account holder is required to pay all costs in relation to the recovery of the debt.
- For amounts still outstanding under \$50.00, the account holder is to receive a letter from the General Manager requesting payment.

Payment arrangements may be entered into under the following circumstances:

- Where Council has delegated power to the General Manager in relation to payment arrangements for outstanding rates, for that financial year;
- That the ratepayer or account holder has completed and submitted the prescribed application form.
- That the form be authorised by the General Manager.
- That Council’s Bank is able to accept payment from the ratepayer’s/account holders financial institution through a direct debit facility;
- That the arrangement ensures that the amounts owing (including the final instalment) will be paid on or before the end of the financial year;
- When a ratepayer enters into an agreement to pay the current years rates by direct debit and they pay the current years rates on or before the 30th June in that financial year, no interest or penalties will be charged. If this arrangement to

pay by direct debit includes brought forward arrears, interest will apply to those amounts. This incentive will cease if one (1) payment is dishonoured, in which case interest and penalties will be calculated in accordance with the Rates Resolution of Council.

- Except, in the event that there are any arrears for rate or charges outstanding for previous financial years, the agreement is to ensure that those arrears, including any penalty and interest, are collected as part of the instalments payable under that agreement even if this necessitates the agreement extending into a subsequent financial year.
- Any requests to amend the agreement are to be in writing within 14 days' notice.

In the event that any payment under a payment arrangement is dishonoured:

- The ratepayer/account holder will incur any dishonour fees.
- The ratepayer/account holder is to be notified in writing that they are required to make up the missed payment by alternative means and if they miss the next payment the payment arrangement will be cancelled and they will be placed with Council's debt collection agency unless the outstanding amount is paid in full within 14 days.

Related Legislation, Regulations and Policies

Local Government Act 1993

Rates Resolution

Responsibilities

It is the responsibility of the General Manager to ensure that this policy is adhered to.