



COUNCIL POLICY

Management & Recovery of Outstanding Debts Policy

Policy Number:	PO048		
Strategic Plan Objective	Responsible Governance & Leadership		
Policy Owner:	Director Corporate & Community Services	File Number:	16/13973[v3]
Responsible Officer:	Manager Financial Services	Minute Reference:	277/2020
Date Adopted:	09/12/2020	Next Review Date:	December 2025

1. POLICY OBJECTIVES

This Policy addresses both rates and general debts, and is designed to provide a consistent approach to debt management and recovery. The policy allows for “natural justice” for the person owing the debt, in that there are adequate steps in both processes for persons to approach Yorke Peninsula Council (“Council”) and arrange for time payment plans and/or make payment prior to appropriate legal proceedings to recover overdue debts being taken.

The objectives of this Policy are to:

- Ensure a fair, consistent and accountable approach to Council’s debt management and collection decisions and practices.
- Assist in the efficient management of Council assets through the timely collection of outstanding monies.
- Ensure compliance with relevant legislation and guidelines.

2. SCOPE

This policy applies to all debts of Council.

3. DEFINITIONS

Debt	Money owed to Council.
Debtor	An individual, company, organisation or other party that owes a debt to Council.
Financial Hardship	Means a circumstance of experiencing a lack of financial means that may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.
Rates & Charges	Rates, Services Charges and other charges as levied by Council.

4. POLICY STATEMENT

4.1 Debt management and recovery principles

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

- 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 billing and debt collection processes;
- Council aims to minimise the amount of outstanding monies that it is owed;
- If a debtor cannot meet their obligations on the due dates, it is in the interest of the debtor, and Council, for the debtor to contact Council at the earliest opportunity to make appropriate payment arrangements. Council will explain the debtor's rights and obligations in relation to any action that Council may take to recover debt arrears, prior to the commencement of formal debt collection action, including information relating to costs associated with the collection process, which shall be borne by the debtor.
- Council will take all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt before issuing a notice of demand;
- Once a notice of demand has been issued legal action may proceed and any settlement negotiations will be made on a 'without prejudice' basis so that the legal right to collect the debt is not compromised.

4.2 Hardship Customers

Council will suspend debt recovery processes while negotiating a suitable payment arrangement with customers identified through the hardship provisions of Council's Hardship Policy (PO018) for Residential Customers of Minor and Intermediate Water Retailers.

Council will not engage in legal action or commence proceedings for the recovery of a debt relating to a retail service for a hardship customer if the customer has agreed to an acceptable payment arrangement and continues to adhere to the terms of that arrangement.

4.3 Debt Management

The following debt collection process will be applied to all debts (rates and sundry) that are not subject to dispute or financial hardship, which have been outstanding for 30 days past the due date for payment.

- 1) **Reminder letter** followed up with a phone call/email (where possible), requesting payment within fourteen (14) days or to contact Council to enter into a payment arrangement.
- 2) **Notice of demand** may then be issued after a further fourteen (14) days of non-payment. This notice of demand will state that failure to make payment in full or to enter into a payment arrangement may result in the commencement of legal action.
- 3) **Legal Action** if appropriate shall proceed thirty (30) days after the date of the notice of demand. In the event that a default on a payment arrangement occurs, a further notice of demand will be sent, allowing fourteen (14) days to rectify the default otherwise legal action may be commenced.

Where the cost of recovery of a debt is likely to equal or exceed the amount to be recovered or if there is no reasonable prospect of recovering a debt the debt will be considered for write-off in accordance with Council Policy PO008.

4.4 Rates Outstanding – three (3) years or greater

In accordance with Section 184 of the Local Government Act 1999, Council may sell land for the non-payment of Council rates and service charges.

In this event the CEO will provide a report to Council in regard to any rate assessments that have remained unpaid following due process of recovery action, as detailed in 4.3 of this policy, and have remained in arrears for three consecutive years or more.

Council will give the CEO direction on recovery action pursuant to Section 184 of the Local Government Act 1999 on presentation of such a report.

5. COMPLAINTS

Complaints about this policy can be made in writing to Council's Manager Financial Services. Complaints will be managed in accordance with Council's Complaints Policy PO147.

6. REVIEW

This policy will be reviewed every five (5) years and as deemed necessary in consideration of any changes to legislation, relevant standards, codes and guidelines. Elected Members and employees will have the opportunity to participate in the review process.

7. TRAINING

Training needs will be identified through performance reviews and audit processes. Training will also occur as necessary in response to changes to legislation, relevant standards, codes and guidelines.

8. RELATED COUNCIL POLICIES AND DOCUMENTS

R007 Delegations Register

PO018 Hardship Policy of Residential Customers of Minor and Intermediate Water Retailers

PO014 Code of Conduct for Council Employees

PO063 Records Management Policy

9. REFERENCES AND LEGISLATION

Local Government Act 1999

10. COUNCIL DELEGATION

Delegate:	Chief Executive Officer
Sub Delegate:	Director Corporate & Community Services

11. VERSION HISTORY

PO048 – Management & Recovery of Outstanding Debts

Archived Policy Name	Policy Number	Date Adopted	Last Reviewed
Management & Recovery of Outstanding Debts Policy	PO048	8/5/2013	8/5/2013
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