



COUNCIL POLICY

Management & Recovery of Outstanding Debts Policy

Policy Number:	PO048		
Strategic Plan Objective	Financially Sustainable Organisation		
Policy Owner:	Director Corporate & Community Services	File Number:	9.63.1
Responsible Officer:	Manager Financial Services	Minute Reference:	223/2015(09/09/2015)
Date Adopted:	09/09/2015	Next Review Date:	September 2020

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 Council and arrange for time payment plans and/or make payment prior to appropriate legal proceedings to recover overdue debts being taken.

The objective of this Policy is 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 ratepayers of the Yorke Peninsula Council and debts recorded in Council’s Accounts Receivable (Debtors) system.

3. DEFINITIONS

Council	Yorke Peninsula Council
Debt	The amount of money owed by a debtor as a result of being levied rates and/or charges or undertaking a transaction with 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;
- 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;
- 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 arrangements to address the debt;
- Council will explain the debtor's rights and obligations in relation to any action that Council might take to recover debt, prior to the commencement of formal debt collection action, including that all costs associated with the collection process shall be borne by the debtor;
- Council will not issue a letter of demand to a debtor without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt;
- Once a letter of demand has been 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 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 Councils Hardship Policy 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 practices will be applied to all debts (rates and sundry debtors) over \$50 that are not subject to dispute which have been outstanding for 30 days past the due date for payment;

- First reminder letter will be forwarded, requesting payment within 14 days or to contact Council to enter into an arrangement.
- Where no response is received to the first reminder letter, a second reminder letter will be forwarded requesting payment within 14 days or to contact Council to enter into an arrangement.
- Where no response has been received to the second reminder letter a letter of demand for payment within 7 days will be forwarded. 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.
- Where no response has been received to the letter of demand, Council will proceed to recover the debt(s) through debt recovery processes, including legal proceedings.

- In the event that a default on a payment arrangement occurs, a first and final reminder letter will be forwarded for all amounts over \$200. The letter will state that failure to recommence the agreed arrangement within 7 days can result in the commencement of legal proceedings.

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 rates.

The Director Corporate & Community Services will report to Council in regard to any rate debtors that have remained unpaid following implementation of recovery action as detailed above, and are in arrears for three years or more. Council will give the Director Corporate & Community Services direction on recovery action pursuant to Section 184 of the Local Government Act 1999 on presentation of such a report.

5. COMPLAINTS

Refer to PO147 Complaints

6. REVIEW

This policy will be reviewed every 5 years and as deemed necessary in consideration of any changes to legislation, relevant standards, codes and guidelines.

7. TRAINING

Training needs will be identified through performance review 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

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

9. REFERENCES AND LEGISLATION

Local Government Act 1999

10. COUNCIL DELEGATION

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

11. VERSION HISTORY

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