

Debt Collection Policy

MINUTE NUMBER	284/2010
DATE APPROVED	15 April 2010
EFFECTIVE	15 April 2010
AUTHORITY	Corporate Services
CONTACT OFFICER	Corporate Services

1 PURPOSE

- 1.1 Outline the principles and guidelines that apply to the recovery and management of overdue rates, service charges, sundry debtors and other debts.
- 1.2 To ensure collection of rates, charges and debtors are carried out in a transparent manner with full compliance with the Local Government Act, Regulations and other applicable legislation.
- 1.3 Ensure a clear understanding by Council staff and stakeholders as to the debt recovery process.
- 1.4 To ensure a fair and equitable approach to recovering overdue rates, service charges, sundry debtors and other debts.
- 1.5 The objectives of this Policy are as follows:
 - i. Ensure effective control over debts owed to Council;
 - ii. Be helpful to those ratepayers and other debtors suffering genuine financial hardship;
 - iii. Fulfil the statutory requirements of the Local Government Act with respect to the recovery of rates and other debts;
 - iv. Maximise cash flow;
 - v. Collect all rates and charges by the end of each rating year;
 - vi. Collect all sundry debtor accounts by the end of each rating year;
 - vii. Collect all sundry debtor accounts within Council's corporate trading periods;
 - viii. Apply a fair and reasonable approach to recovering overdue accounts;
 - ix. Maintain Council's outstanding debt ratio at or below the industry standard.

2 POLICY STATEMENT

2.1 Rates and Charges

- 2.1.1 Forbes shire Council is committed to ensuring all accounts are recovered consistently and ethically to ensure the ongoing delivery of services to the Forbes community.
- 2.1.2 Recovery action will be commenced if current rates are not paid by the due date unless arrangements have been made, in writing, for payment by instalments either pursuant to Section 562 of the Local Government Act (the Act) or by mutual agreement with Council's Rating Officer when payment of rates and charges (other than amounts due from Government Departments) would cause hardship.
- 2.1.3 Recovery action will be commenced, prior to 31 August, for the recovery of outstanding rates from previous rating years and the ratepayer has not entered into a mutual agreement with Council's Rating Officer to reduce the liability.

- 2.1.4 Recovery action may include letters, telephone calls, Reminder Notices or Notices of Demand, summonses, Writs, Garnishee Orders, Section 569 Notices, Warrant of Apprehension, Notices to wind up and a company and in extreme circumstances, the sale of land for overdue rates under Section 713 of the Act.
- 2.1.5 Ratepayers who because of hardship wish to enter into a mutual agreement with Council to pay rates by instalments, other than Section 562, shall supply to Council's Rating Officer such information as required.
- 2.1.6 When a ratepayer who has made arrangements to pay rates in instalments, mutual agreement with Council's Rating Officer does not meet their full obligations under the agreement, the agreement is terminated and legal action shall be immediately instituted for the recovery of any outstanding rates.
- 2.1.7 Any agreement entered into with a ratepayer for the payment of outstanding rates other than pursuant to Section 562 of the Act, shall endeavour to ensure that all rates outstanding are fully paid by 31 May of the rating years in which the agreement is entered into, and on agreement for payment of outstanding rates shall not extend beyond two years during which time all later levied rates shall be liquidated.
- 2.1.8 Eligible pensioners will be required to pay the amounts of rates remaining following any statutory reduction in rates granted under the Act. Such amounts remaining may be paid by instalments pursuant to Section 562 of the Act or by part payments provided that the required amount is paid prior to end of year close-off. Council's Rating Officer will take into account the limited income of eligible pensioners and may enter into a mutual agreement with them for the payment of rates by arrangement but within the rating year in which the rates were levied.
- 2.1.9 Any agreement entered into with a ratepayer for the payment of outstanding rates other than pursuant to section 562 of the Act must include the completion of a Payment Arrangement Form specifying the dates and the amounts that are to be paid as well as an appropriate contact number and any authorised third parties which Council or a collector can communicate with. Payment arrangements for rates and charges other than user accounts may only be entered into with the property owner.
- 2.1.10 Any arrangements made with third parties will only be made in exceptional circumstances. Where agreed this will be on the proviso that the owner maintains responsibility for payment of rates and charges in the event of default by the third party.
- 2.1.11 Council assumes no responsibility for enforcing debt recovery on the third party, this being business of the property owner.
- 2.1.12 Verbal agreements shall not provide a reprieve from the debt recovery process.

2.2 Action

- 2.2.1 Action will be commenced after all instalment due dates, and can be taken in either bulk or on an individual assessment basis.
- 2.2.2 Where the due date for payment of rates and charges exceeds fourteen (14) days a final notice will be issued as a reminder that these accounts remain outstanding. Payment arrangements with ratepayers may be entered up to and including this stage.

- 2.2.3 Where full or an agreed payment is made within seven days of this final notice due date the debt recovery process ceases at this point.
- 2.2.4 Where neither full payment nor a payment arrangement is entered into within seven (7) days of the issue of the final notice, a restriction notice/debt recover notice of intention will be issued to the debtor. Water Accounts will be recovered in line with the Water Service Administration Procedure whilst rate accounts will be referred to Council's external debt recovery agency. They will then forward a letter of demand giving seven (7) days for payment of the account.
- 2.2.5 If the account is still outstanding after the seven (7) days a Statement of Liquidated Claim (SLC) will be issued on Council's behalf by the Agent. Service of the SLC is then effected by the Agent.
- 2.2.6 If payment is not made within 28 days of service of the SLC, Judgement will then be entered for the debt.
- 2.2.7 Following the entering of Judgement, Council is then able to take further action as prescribed by the Civil Claims Act or the Local Government Act 1993 as required. This may include such things as, but not limited to, Rent Orders, Writs of Execution, Garnishes, Action to wind up the Company etc.
- 2.2.8 If a property has rates outstanding for more than five (5) years Council may take action under Section 713 of the Act to sell the property to recover the outstanding amount.

2.3 Sundry Debtors

- 2.3.1 Monthly statements are to be forwarded to Sundry Debtors. Amounts outstanding for more than thirty (30) days are to be regarded as overdue.
- 2.3.2 Overdue reminder letters are sent once amounts are sixty (60) days overdue. A second overdue reminder letter is sent once amounts are ninety (90) days overdue. Where applicable, recovery action is to be taken where amounts are overdue for more than ninety (90) days.
- 2.3.3 When a debtor who has made arrangements to pay outstanding amounts in instalment by mutual agreement with Council's Finance Support Officer does not meet their full obligations under the agreement, the agreement is terminated and legal action shall be immediately instituted for the recovery of any outstanding amounts.
- 2.3.4 Any agreement entered into with a debtor for the payment of outstanding amounts must include the completion of a Payment Arrangement Form specifying the dates and the amounts that are to be paid as well as an appropriate contact number and any authorised third parties which Council or a collector can communicate with. Payment arrangements for debtors may only be entered into with the property owner.
- 2.3.5 Any agreements made with third parties will only be made in exceptional circumstances. Where agreed this will be on the proviso that the owner maintains responsibility for payment of rates and charges in the event of default by the third party.
- 2.3.6 Council assumes no responsibility for enforcing debt recovery on the third party, this being the business of the property owner.
- 2.3.7 Verbal agreements shall not provide a reprieve from the debt recovery process.

2.4 Actions

- 2.4.1 A reminder letter will be sent to any customer who does not pay their account and is overdue for more than 60 days. This letter will allow 14 days for payment and will advise that if payment is not made further action involving costs may be taken by Council.
- 2.4.2 A further letter from Council giving 14 days for payment of the account will be issued if payment has not been received and is overdue for more than 90 days. This letter will also advise that if payment is not received within the required time further action involving costs may be taken by Council.
- 2.4.3 Following this, the account will be referred to Council's external debt recovery agency. They will then forward a letter of demand giving seven (7) days for payment of the account.
- 2.4.4 If the account is still outstanding after the seven (7) days, a Statement of Liquidated Claim (SLC) will be issued on Council's behalf by the agent. Service of the SLC is then effected by the agent.
- 2.4.5 If payment is not made within 28 days of service of the SLC, Judgement will then be entered for the debt.
- 2.4.6 Following the entering of Judgement, Council is then able to take further action as prescribed by the Civil Claims Act or the Local Government Act 1993 as required. This may include such things as, but not limited to, Writs of Execution, Garnishes, Action to Wind up the Company etc.

3 VARIATION

- 3.1 Council reserves the right to vary the terms and conditions of this policy subject to a report Council.

Revision History

Version	Adoption Date	Authorised by	Approved by	Revision Date
V1	21/09/2006	Director Corporate Services	Council	21/09/2008
V2	16/11/2006	Acting General Manager	Council	16/09/2008
V3	15/04/2010	Director Corporate Services	Council	15/04/2012

Change History

Version	Change Details
V1	Initial Policy
V2	Amended Policy
V3	Amended Policy (Minute No: 284/2010)

Related Documents

Title
