

**Keywords:** Debt, Debtors

|                                |   |
|--------------------------------|---|
| <b>Strategic Plan:</b>         | <u>Goal 5 – Strong Internal Capability and Capacity</u>     |
| <b>Classification:</b>         | Executive Services – Financial Management – “Debt Recovery” |
| <b>First Issued/Approved:</b>  | March 2010  |
| <b>Review Frequency:</b>       | <u>Good Governance Practice:</u> Annually                   |
| <b>Last Reviewed:</b>          | January 2018  |
| <b>Next Review Due:</b>        | January 2019  |
| <b>Responsible Officer(s):</b> | Manager Corporate Services                                  |
| <b>Council File Reference:</b> | 7.1.5; Motion 2179/10 23/3/2010; 7.63.1                     |
| <b>Applicable Legislation:</b> | Local Government Act 1999 Section 143(1)                    |
| <b>Relevant Policies:</b>      | Rates Policy; Fines/Rates Recovery Policy                   |
| <b>Related Procedures:</b>     | (In accordance with relevant Policies)                      |
| <b>Delegations:</b>            | Chief Executive Officer & Sub-delegations as per Register   |

## 1. Purpose

The purpose of this policy is to outline the process for efficient and effective collection of outstanding debts. Debts within the scope of this policy do not apply to the collection of rate related debts but extend to specific user pay services such as licences and leases on sporting clubs and commercial properties, hall hire fees, food inspections etc. Refer to Fines/Rates Recovery Policy for debt collection of rate related debts.

## 2. Principles

This policy has been formulated under the following principles:

- Council recognises it has a responsibility to recover monies owing to it in a timely, efficient and effective manner to finance its operations and ensure effective cash flow management;
- Council will treat all people fairly and consistently under this policy;
- Council will consider all matters under this policy confidentially; and
- Council will recognise genuine financial hardship and treat people with respect and compassion in considering their circumstances.

### 3. Policy Statement

#### 3.1 Initial Recovery Action

Where invoices are outstanding for thirty (30) days or more after the date of the invoice –

- A copy of the invoice or statement is to be sent by way of a reminder.
- If the debt remains outstanding after a further seven days (and no arrangement has been made for payment) a Letter of Demand requesting immediate payment or arrangement for payment will be forwarded. This letter will warn of the likelihood of legal action and additional costs should payment or arrangement not be made.
- If the debt remains outstanding after a further seven days, a telephone call to the debtor should follow (where possible). This action will guide on the appropriate action which may include the withdrawal of the service and or referral to Council's Debt Collection Agency.

#### 3.2 Arrangements to Repay Sundry Debtor Accounts

Council acknowledges the voluntary nature of many of the organisations it works with and recognises the difficulties they may experience as a result of the environment they operate in. Council is also aware that personal circumstances can change. In its dealings for recovery of monies owed, Council recognises it must be flexible, fair, reasonable and considerate.

A debtor may enter into a weekly, fortnightly or monthly arrangement to repay accounts with Council or Council's debt collection agency provided the arrangement will have the account paid in full within twelve months.

Debtors are to be advised at the time of making a repayment arrangement that if an arrangement is dishonoured, recovery action will recommence without further notice.

Where an arrangement has been dishonoured, a new arrangement cannot be accepted until a payment satisfactory to Council is received to show good faith.

#### 3.3 Delegated Authority

The Chief Executive Officer has delegated authority to write off debts of up to and including an amount of \$5,000 in respect of any one debt provided that :

- The Council has 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 debt.

Bad debts of an amount greater than \$5,000 can only be written off by Council resolution.

***Electronic version on the Intranet is the controlled version.  
Printed copies are considered uncontrolled.  
Before using a printed copy, verify that is the current version.***