

Debt Recovery Policy



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Responsible Officer	Manager Finance	Date Approved:	19 July 2023
Review Officer:	Director Corporate and Community Services	Review Due:	30 June 2024
Author:	Manager Finance	Commencement:	19 July 2023

1. PURPOSE

To establish a policy for the recovery of outstanding Rates and Charges and Sundry Debtors.

2. POLICY STATEMENT

The intent of this policy is to provide procedural direction to ensure prompt follow-up and timely collection of overdue Rates and Charges and other amounts owed to Council.

3. PRINCIPLES

3.1 RATES AND CHARGES

Rates and charges are due and payable within thirty (30) days after the date of issue of the Rate Notice.

3.1.1 Recovery Action

- For those rates and charges that are outstanding by thirty-seven (37) days or more, a first reminder notice is to be generated and sent using the method chosen by the ratepayer for delivery of the Rates Notice (i.e. mail or email) for all properties with a debt of \$30 or greater, excluding:
 - those properties that are being monitored by Council's debt recovery agent; or
 - have a current approved arrangement to pay.
- The reminder notice will give a further fourteen (14) days to pay the outstanding amount or come to an alternative arrangement acceptable to Council.
- Should the ratepayer not make full payment or come to an acceptable alternative, the account will be referred to Council's collection agency (elected through quotation or tender).
- For those accounts where the ratepayer only has the current levy outstanding with no arrears and does not have an approved arrangement to pay with Council, the ratepayer will be issued a second reminder fourteen (14) days after the first reminder was issued.
- The reminder notice will give a further fourteen (14) days to pay the outstanding amount or come to an alternative arrangement acceptable to Council. Should the ratepayer not make full payment or come to an acceptable alternative, the account will then be referred to Council's collection agency, for all outstanding balances greater than one hundred (\$100) dollars.

- Should a mining lease expire or be cancelled and that mining lease still have rates and charges outstanding, the ratepayer will be forwarded immediately to Council's debt collection agency provided they are not already registered with the debt collection agency.

3.1.2 Alternative Arrangements

- An arrangement to pay the overdue amount will be offered where payments are made on a periodic basis, of either weekly, fortnightly or monthly and on the condition that the maximum term of the arrangement clears the account within the half year period of issue, being 31 December or 30 June within the financial year.
- In accordance with the *Local Government Act 2009* and Council's budget resolution, overdue rates will be charged compound interest at 11.64% per annum, calculated on a daily basis up to date of payment.
- Upon agreement of an alternative arrangement, the ratepayer shall receive from Council a letter informing them of the arrangement and the details of the payment plan.
- Should the payment plan not be met (without agreement from Council) then the payment plan is considered cancelled and full payment of the amount outstanding is due immediately.
- Should more than one payment plan be forfeited (without agreement from Council), full payment of the amount outstanding is due immediately and no more payment plans will be accepted by Council while the applicant still owns the property.

3.1.3 Unable to Locate Ratepayer

- Should Council and the debt collection agency be unable to locate the ratepayer and the ratepayer's file has been sent to the debt collection agency twice within a 12 month period, then Council should hold action until the property falls into the three (3) year period required to sell under the *Local Government Act 2009*.

3.1.4 Legal Action

- A collection agent acting on behalf of Council will be empowered to attempt to recover the outstanding rates.
- Initially, letters of demand will be sent to outstanding ratepayers advising that Council has instructed their agency to collect the rates arrears and if payment is not made within the specified period, they will continue with legal action.
- For legal action to commence on an outstanding rates account, it must first be approved by the Manager Finance. Generally, legal accounts will only be commenced if the account is greater than \$500.
- Legal action will continue unless an acceptable payment plan is arranged or payment in full including all legal outlays is made.
- If judgement has been obtained, all payments made on outstanding rates accounts will first pay for any legal outlays prior to being applied to any outstanding rates.

- Legal action may take the form of a "Notice of Intention to Sue" or a direct "Summons" to the appropriate Court.
- Where Council is of the opinion that debt recovery through the Courts will not result in full payment of the amount outstanding, or Council has been notified that a receiver or manager has been appointed to manage the financial affairs of the ratepayer, Council may elect to wait for a rate to become overdue for three years and begin Sale of Land procedures in accordance with the *Local Government Act 2009*.

3.1.5 Delegations

The Council delegates to the Chief Executive Officer (CEO), the ability to negotiate longer payment terms with ratepayers if, in the CEO's estimation, payment causes undue hardship.

The following delegations are only to be used when administration adjustments and/or corrections are to be made; all other write offs of outstanding rates and charges are to be approved by Council.

3.1.5.1 Rates & Revenue Officer Delegation

The Chief Executive Officer (CEO) delegates to the Rates & Revenue Officer the ability to write off small amounts of outstanding rates and charges balances to the value of ten dollars (\$10).

3.1.5.2 Finance Manager Delegation

The Chief Executive Officer delegates to the Finance Manager the ability to write off amounts of rates and charges, interest, lost discount and legal costs to the value of two thousand, five hundred dollars (\$2,500).

3.1.5.3 Director Corporate and Community Services

The Chief Executive Officer delegates to the Director Corporate and Community Services the ability to write off amounts of rates and charges, interest, lost discount and legal costs to the value of five thousand dollars (\$5,000).

3.1.5.4 Chief Executive Officer Delegation

The Council delegates to the CEO the ability to write off amounts of rates and charges, interest, lost discount and legal costs to the value of ten thousand dollars (\$10,000).

3.2 OTHER RECEIVABLES

Other receivables are those accounts receivable that are debts owed to the Council for performing works and services. These receivables do not include rates and charges or fines.

3.2.1 Recovery Action

- For those receivables that are outstanding thirty (30) days from date of issue, an overdue reminder is marked on the end of month statement (for all debts).
- For those receivables that are outstanding sixty (60) days from date of issue, a first demand letter is to be generated and sent for all debts greater than fifty (50) dollars.
- The first demand letter is a friendly reminder to encourage the customer to pay or make contact with Council by the end of the relevant month.

- For those accounts where the amount is still outstanding ninety (90) days after the first demand letter, a second and final demand letter shall be generated advising that there is fourteen (14) days to pay the outstanding balance or come to an alternative payment arrangement acceptable to Council.
- Failure to pay the final demand letter may mean the Council shall undertake legal recovery (for all debts greater than \$50)

3.2.2 Unable to Locate Debtor

Should Council and the debt collection agency be unable to locate the debtor and the file has been sent to the debt collection agency twice within a 12 month period, then the balance is to be written-off in accordance with the approved delegations.

3.2.3 Delegations

The Council delegates to the Chief Executive Officer (CEO), the ability to negotiate longer payment terms with the Sundry Debtor if, in the CEO's estimation, payment causes undue hardship.

The following delegations are only to be used when administration adjustments and/or corrections are to be made; all other write offs of outstanding amounts are to be approved by Council.

3.2.3.1. Rates & Revenue Officer Delegation

The Chief Executive Officer (CEO) delegates to the Rates & Revenue Officer the ability to write off small amounts of outstanding balances to the value of ten dollars (\$10).

3.2.3.2. Finance Manager Delegation

The Chief Executive Officer delegates to the Finance Manager the ability to write off amounts up to two thousand, five hundred dollars (\$2,500) for Other Receivables as a bad debt.

3.2.3.3. Director Corporate and Community Services

The Chief Executive Officer delegates to the Director Corporate and Community Services the ability to write off amounts up to five thousand dollars (\$5,000) for Other Receivables as a bad debt.

3.2.3.4. CEO Delegation

The Council delegates to the CEO the ability to write off amounts up to ten thousand dollars (\$10,000) for Other Receivables as a bad debt.

4. SCOPE

This policy applies to all ratepayers and other debtors of Mareeba Shire Council.

5. RELATED DOCUMENTS AND REFERENCES

Local Government Act 2009

Local Government Regulation 2012

6. REVIEW

It is the responsibility of the Director Corporate and Community Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed annually or as required by Council.