



BOULIA SHIRE COUNCIL

DEBT COLLECTION

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Summary:	The purpose of this debt recovery policy is to set out the principles and processes used by Council for the collection of outstanding rates, charges and sundry debtors due to Council.
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Responsible Section:	Finance
Responsible Officer:	Finance Manager
Legislation:	Local Government Regulation 2012 - 132

BACKGROUND

The purpose of this debt recovery policy is to set out the principles and processes used by Council for the collection of outstanding rates, charges and sundry debtors due to Council.

OBJECTIVE AND PRINCIPLES

Council will exercise its debt recovery powers in order to reduce the overall debt burden on ratepayers. It will be guided by the principles of:

- transparency by making clear the obligations of its ratepayers and sundry debtors to the processes used by Council in assisting them meet their financial obligations;
- making the processes used to recover outstanding debt clear, simple to administer and cost effective;
- equity by having regard to providing the same treatment for ratepayers and sundry debtors with similar circumstances; and
- flexibility by responding where necessary to changes in the local economy

SUNDRY ACCOUNTS

Accounts issued shall provide 30 day payment terms.

STATEMENTS

Statements will be issued to all sundry debtors at the end of each month. Statements will serve as a reminder in the event the account is in arrears.

INTEREST

Interest is not charged on overdue debtors.

SUNDRY DEBT ARREARS

ACCOUNTS 30 TO 60 DAYS ARREARS AFTER THE INITIAL INVOICE

Follow-up action by way of telephone contact and the issue of statement/letter. Should telephone contact be unable to be obtained the statement shall be forwarded regardless.

ACCOUNTS 60 TO 90 DAYS IN ARREARS AFTER THE INITIAL INVOICE

The issue of a notice requesting immediate payment within fourteen (14) days advising that failure to pay will result in the account being referred for to a collection agency.

Should payment not be received by the due date and the Chief Executive Officer is of the view that recovery action is both reasonable, given the outstanding balance and likely to be successful, then the account shall be referred to a collection agency.

ACCOUNTS 90 DAYS OR MORE IN ARREARS AFTER THE INITIAL INVOICE

The Finance Manager is to continue to pursue collection of outstanding debts and/or monitor the progress of collection agency. Follow up on debt recovery action and outstanding debts is to be presented to Council via the monthly finance report for debts greater than \$1,000.

RATE ARREARS

The *Local Government Act 2009* (hereinafter referred to as the Act) provides for mechanisms to recover an overdue rate. These mechanisms are:-

- recovery in a court of competent jurisdiction as a debt
- recovery by way of sale of land.

Before such action is taken, the following recovery arrangements are to be employed:-

RATES 30 TO 60 DAYS IN ARREARS AFTER THE RATE PAYMENT IS DUE

Issue a reminder notice including the offer of an arrangement to pay in accordance with Section 132 of the Regulation for the balance due including those ratepayers who may have paid rates but not qualified for the Council discount for prompt payment within the due date except where changes are made by Council for Outstanding Balances.

In accordance with Council's Revenue Statement interest charges will commence on outstanding balances

An offer to pay by instalments in this manner must be made in writing and approved by the Chief Executive Officer. It is preferable for all outstanding debts to be repaid in full by 30 June of the current financial year.

However, with approval of the Chief Executive Officer or as a consequence of debt recovery action, a longer term agreement may, in certain circumstances, be acceptable. i.e Pensioner or person on low fixed income.

Long term arrangements for recovery of outstanding debts should be referred to Council for confirmation and/or approval.

If a ratepayer misses an instalment, and no prior arrangement with Council has been approved, the repayment plan is no longer recognised and the balance in full is required to be paid immediately.

Council will not refuse payments if they are not enough to cover the outstanding rates in the prescribed time but the ratepayer must be made aware that it is not an arrangement. They will still receive reminder letters and will continue to be charged interest on all outstanding amounts.

RATES OVER 60 DAYS IN ARREARS AFTER THE RATE PAYMENT IS DUE

Where no offer or arrangement is in place, a letter is to be sent to the ratepayer as a final reminder encompassing the following content:-

- the amount of the overdue rate.
- details of interest accumulating on the amount.
- that payment is required within 14 days.
- that if payment is not obtained within 14 days collection proceedings for recovery of the outstanding amount will be taken without further notice.

Should the rate remain unpaid after 14 days and no payment arrangements entered into (or awaiting ratification by Council) and the Chief Executive Officer is of the view that recovery action is both reasonable, given the outstanding balance and likely to be successful, then the account shall be referred to a collection agency.

RATES 3 MONTHS TO 12 MONTHS IN ARREARS AFTER THE RATE IS DUE

The Finance Manager is to continue to pursue collection of outstanding debts and/or monitor the progress of collection agency. A report on debt recovery action and outstanding debts is to be presented to Council on a regular basis.

FOR RATES AT LEAST 12 MONTHS IN ARREARS AFTER THE RATE IS DUE

In respect of the following classes of land:-

- a) Vacant land, or
- b) Land used solely for commercial purposes

Council shall consider commencing enacting the provisions of section 140 under the Local Government Regulations 2012 and give notice of intention to sell the land for overdue rates and charges.

FOR ALL OTHER RATES BEING THREE (3) YEARS IN ARREARS AFTER THE RATE IS DUE

Council shall consider action for sale of land for the property due to overdue rates and charges in accordance with the Local Government Regulations 2012.

RENT DEBTORS

RENT 14 DAYS IN ARREARS

Finance Officer will advise for all residential property debts the Community Services Manager, who will work in accordance with the Residential Tenancy Act.

Note: The debtor has seven (7) days to pay the outstanding rent or enter into a suitable arrangement to pay the debt.

RENT 28 DAYS IN ARREARS- DEBTOR STILL OCCUPYING PREMISES

Community Services Manager to take further action in accordance with Residential Tenancy Act.

The debtor has a further seven (7) days to pay outstanding rent.

RENT 60 DAYS IN ARREARS – DEBTOR STILL OCCUPYING PREMISES

Community Services Manager to take further action in accordance with Residential Tenancy Act.

RENT 21 DAYS IN ARREARS – DEBTOR / TENNANT VACATED PREMISES

Community Services Manager to take further action in accordance with Residential Tenancy Act. Should the account still remain outstanding and the debt is greater than \$1,000 the Debtor will be referred to a Collection Agency.

BAD DEBTS

Bad debts will be recognised when the sundry debt is seen to be no longer commercially collectable. Such action maybe recommended to Council by its Finance Manager should the amount of the debt be uneconomic to proceed to the debt collection agency or any other circumstance which may prohibit the likelihood of collection.

WRITE OFF BAD DEBTS

The writing off of bad debts will be as follows:-

Debts for \$1,000 or less to be authorised by the Chief Executive Officer, with a report provided to Council advising of debts written off and for debts greater than \$1000 the Debtor will be referred to Council for a resolution.

RECORDING OF DEBT COLLECTION ACTION

To provide Council with a clear and accurate record of the actions that have been taken in the recovery of outstanding debts a note is to be recorded on the End of Month finance report each time recovery action is taken indicating the action taken and response if any, received from the debtor.