

DEBT COLLECTION POLICY

Purpose

The purpose of this policy is to ensure an effective framework for collection of outstanding debts, minimising financial risk to the City whilst ensuring compliance with legislative requirements. The policy relates to all monies owing to the City by debtors who have transacted with the City.

Definitions

The **Act** means the *Local Government Act 1995*.

Debt - Any amount owed to the City arising from rates, service charges, fees, fines, or the provision of goods and services.

Debtor - Any individual, business, organisation, or entity that owes money to the City.

Debt Recovery - The process undertaken by the City to recover outstanding debts, including reminders, notices, legal action, or referral to external agencies.

Delegation Authority - The authority granted to specific officers to make decisions regarding debt recovery, payment arrangements, and write-offs in accordance with Council-approved delegations.

Interest – A charge applied to overdue debts in accordance with Council-adopted rates and relevant legislation, calculated from the due date until payment is received.

Legal Action – Formal proceedings initiated to recover a debt, including court proceedings or enforcement actions such as seizure of rent.

Outstanding Debt - Any debt that has not been paid by the due date specified on the invoice or rate notice.

Payment Arrangement - An agreed plan between the City and a debtor allowing the debt to be repaid over time in instalments.

Ratepayer means a person or entity liable for rates and service charges imposed by the City.

Rates Arrears - Outstanding rates and service charges that remain unpaid after the prescribed due date under the Act.

Sundry Debtor means a person or entity owing monies to the City for goods or services other than rates and service charges.

Write-off (Bad Debt) – The formal recognition that a debt is no longer recoverable and its removal from the City's accounts, approved in accordance with delegated authority.

Policy Statement

The City will exercise its debt recovery powers in accordance with applicable legislation to ensure the fair, equitable and timely collection of outstanding debts while maintaining appropriate governance, transparency and financial accountability.

Policy Principles

Recovery of Sundry Debtor Accounts

The City's credit terms are as outlined in the terms and conditions that accompany an application for credit account and are also stated on the issued tax invoice. Where a debtor has not agreed to be bound by the terms and conditions for extending credit, credit will not be provided and that debtor will be required to pay for any goods or services prior to delivery.

The City will determine recovery action for outstanding debts having regard to principles of legality, fairness, proportionality, consistency and financial stewardship. In selecting an appropriate course of action, the City may consider the type of debt, the amount and age of the debt, the debtor's payment history and engagement, the likely prospect of recovery, the costs of recovery, and any relevant legislative requirements, public interest considerations or community obligations. Recovery action will be undertaken in accordance with delegated authority and in a manner that supports sound governance and accountability. Mechanisms to recover outstanding debtor balances include but are not limited to:

- Contact with debtor
- Suspension of credit and services
- Letter of demand
- Legal action.

Where payment is not received by the due date specified in the applicable terms and conditions, interest will be applied on money that remains outstanding. Interest is calculated on the number of days from the due date of payment until the day the payment is received by the City. Interest (percentage) charged on sundry debtors is the percentage as adopted in the fees and charges at the annual budget.

Recovery of Rate Arrears

Outstanding rates will be recovered in a fair, timely and lawful manner in accordance with applicable legislation.

Amounts that remain outstanding past the prescribed due date will have interest applied. Interest is calculated on the number of days from the due date of payment until the day the payment is received by the City. This includes overdue amounts where the ratepayer has elected to pay by an instalment option.

Where accounts remain outstanding after the prescribed due date, a Final Notice shall be issued requesting full payment within fourteen (14) days unless the ratepayer has entered into a payment arrangement which has been agreed upon by both parties.

Where amounts remain outstanding after the expiry date shown on the Final Notice, recovery action may commence with the mechanisms to recover outstanding rates balances include but are not limited to:

- Contact with ratepayer
- Letter of Demand
- General Procedure Claims
- Means Inquiry
- Property Seizure
- Seizure of goods order.

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For rate arrears in excess of three (3) years, a caveat may be registered on the title to the land under section 6.64 of the Act, subject to Council approval. Council may also take possession of the property under section 6.64 of the Act, subject to Council approval.

Any costs incurred in undertaking legal action in a Court of competent jurisdiction are recoverable from ratepayers under section 6.56 of the Act.

Where the owner of a leased or rented property with outstanding rates and service charges cannot be located, or refuses to pay the amount owing, the City may issue a notice to the lessee or tenant under section 6.60 of the Act.

The notice requires the lessee or tenant to pay to the City the rent that would otherwise be payable under the lease or tenancy agreement, as it falls due. These payments continue until the outstanding amount has been fully paid.

Payment Arrangements

Where ratepayers are unable to make payment of their rates by one of the prescribed instalment options, they may apply for a payment arrangement as another method to pay outstanding amounts.

These arrangements can be regular weekly, fortnightly or monthly repayments of a fixed amount, and work towards achieving full payment of outstanding rates by the end of the financial year. Payment arrangements incur a one-off Administration Fee in accordance with the City's adopted Fees and Charges.

Bad Debts

Bad debts will be recognised when the debt is seen to be no longer commercially collectable.

Write-off of bad debts will occur in accordance with delegated authority, and adequate records and reasons for the write-off will be maintained.

Related Documents

Legislation & Local Laws	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i> <i>Rates and Charges (Rebates and Deferments) Act 1992</i>
Relevant Delegations	1.7 Payment of rates by agreement 1.8 Write off of monies and special arrangements for debt
Strategies & Plans	Council Plan 2025-2035
Related Council Policies	CF10 Rating Policy
Procedures, Documents & Forms	Debtors control process Creating a rates payment arrangement process Rates debtor control process

Policy Owner

Directorate	Corporate Services
Department	Financial Services

Review Management

Next review due:	2031
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Version Management

Version	Date	Council Resolution #	Description
1.0	Aug 2012	OCM-152174	Original Policy Adopted
2.0	Feb 2014	OCM-152762	Policy Review
3.0	Apr 2015	OCM-153108	Policy Review
4.0	Apr 2017	OCM-153768	Policy Review
5.0	May 2022	OCM-155008	Policy Review
6.0	June 2026		Policy Review