

DEBT RECOVERY POLICY

Intent: To establish a policy for the management and recovery of outstanding rates and charges and accounts receivable.

Scope: This policy applies to all rates and charges levied and other accounts receivables of Council and its commercialised business units.

PROVISIONS

The Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash management. When recovering rates and charges and accounts receivable the Council will:

- make the recovery processes clear, simple to administer and cost effective.
- make clear to debtors their payment obligations and the processes used by Council to assist them to meet those obligations.
- consider the capacity of each debtor to pay, while endeavouring to treat debtors consistently; and
- demonstrate flexibility, when necessary, in responding to changes in the local economy.

DEFINITIONS**Accounts receivable**

An amount owed to Council in payment for the supply of goods and/or services, other than services for which a rates or utility charge is payable.

Debt

Amount owed to Council including rates and charges, water usage, or payment for goods and/or services provided.

Debtor

Any person, group or entity that owes Council a debt.

Flow Restriction Device

This device limits the flow of water from the water meter to the property.

Overdue

A debt is overdue if any portion of it is unpaid on the day after the due date for payment stated in the original notice.

Rates and Water Usage

As defined in Chapter 4 of *Local Government Regulation 2012* rates and water charges includes differential general rates, separate rates and charges, special rates and charges, utility charges and accrued interest owing on outstanding balances.

Infrastructure and remedial works charges can, subject to the appropriate legislation as applicable at the time, be considered to be a rate and recovered accordingly.

RATES AND WATER USAGE RECOVERY PROCESS**Reducing Risk**

Council actively monitors any mailed or emailed notices returned to Council as undeliverable to make prompt contact with owners to update postal or email addresses and to reissue the notices. This assists owners to be aware of the current charges and due date to avoid debt recovery action.

Suitable Payment Arrangement

Council may grant a suitable payment arrangement for the payment of rates and charges. Due to practical and economic reasons Council has determined that the outstanding debt, including any additional charges applied in return for Council agreeing to defer payment of rates and charges, should be paid in full by the end of the relevant rating period.

All payment plans will be confirmed in writing. Failure to meet the agreed payments will result in the cancellation of the payment plan. A letter will be forwarded to the ratepayer upon cancellation of the agreed payment plan and debt recovery action will commence.

Pensioners

Apart from the initial and final reminder letters, no further recovery action will be taken against pensioners who make and maintain a reasonable financial commitment to reduce their debt.

Pensioners who do not make any effort to meet or reduce their outstanding debt may be subject to normal debt recovery procedures, including sale of land.

Reminder Letters

Council will issue an initial reminder letter at least seven days after the due date on the rates or water notices where the outstanding debt is:

- \$250 or more in rates and charges owing to Council; or
- \$50 or more in water usage charges owing to Council; and
- a suitable payment arrangement has not been negotiated; and
- no other recovery action has commenced.

Final Reminder Letters

Council will issue a final reminder letter if, at least fourteen days after the issue of the initial reminder letter the outstanding debt is:

- \$250 or more in rates and charges owing to Council; or
- \$50 or more in water usage charges owing to Council; and
- a suitable payment arrangement has not been negotiated; and
- no other recovery action has commenced.

Debt Recovery Action

Council may continue debt recovery contact and processes if the outstanding debt is:

- \$500 or more in rates and charges owing to Council; or
- \$250 or more in water usage charges owing to Council; and
- a final reminder letter has been sent; and
- a suitable payment arrangement has not been negotiated with Council to pay the outstanding debt, or the payment arrangement has not been adhered to.

Initial Letter - Possible Installation of Flow Restriction Device (Water Usage only)

Council may issue an initial letter advising the possible installation of a flow restriction device to limit water usage if the outstanding debt is:

- \$500 or more in water usage charges owing to Council; and
- there are two or more consecutive unpaid water usage notices; and
- there is no suitable arrangement to pay the outstanding water usage charges, or the payment arrangement has not been adhered to.

Notice of Reduction of Water Supply (Water Usage only)

Council may issue a notice advising of the impending installation of a flow restriction device to limit water usage if the outstanding debt is:

- \$500 or more in water usage charges owing to Council; and
- at least 14 days after the issue of the initial letter advising a flow restriction device may be installed; and
- there are two or more consecutive unpaid water usage notices; and
- there is no suitable arrangement to pay the outstanding water usage charges, or the payment arrangement has not been adhered to.

SALE OF LAND FOR OVERDUE RATES & WATER USAGE CHARGES

Residential Property

Council may commence proceedings to sell the property in accordance with the *Local Government Act 2009* and the *Local Government Regulations 2012* if:

- rates and/or water usage charges remain unpaid for three years or more; and
- there is no suitable payment arrangement to pay the outstanding charges, or the payment arrangement has not been adhered to.

Vacant Residential and Commercial Property

Council may commence proceedings to sell the property, by obtaining a judgement and in accordance with the *Local Government Act 2009* and the *Local Government Regulations 2012* if:

- rates and/or water usage charges remain unpaid for one year or more; and
- there is no suitable payment arrangement to pay the outstanding charges, or the payment arrangement has not been adhered to.

ACCOUNTS RECEIVABLE RECOVERY PROCESS

Reducing Risk

Where practical and appropriate credit checks will be performed prior to any works being completed or services provided and subsequently invoiced. For events and Council facility use, payment in advance or a substantial deposit will be required prior to the event occurring.

Overdue Reminder Letters

Council will issue overdue reminder letters if invoices remain outstanding after thirty days or more from the issue of the invoice.

Final Reminder Letters

Council will issue final demand letters if the outstanding balance has not been paid in full within fourteen days of sending the overdue reminder letter.

Debt Recovery Action

Council may stop credit and/or suspend or limit services and commence legal action if the outstanding balance remains unpaid within seven days of sending the final demand letter.

Legal Action

Debts will be assessed to ascertain the ability to recover and whether a solicitor will be required to act on Council's behalf. A Council resolution is required before legal action can commence.

When the amount of the debt is less than \$25,000 legal action may occur either by direct application to the Queensland Civil and Administrative Tribunal or by engagement of an external solicitor.

Amounts over \$25,000 may be referred to Council's Solicitors for action.

BAD DEBTS

The Chief Executive Officer has delegated authority to write-off amounts of up to \$10,000 for rates, charges and accounts receivable debt, including interest and legal costs per customer as a bad debt.

The Chief Financial Officer has delegated authority to write off amounts of up to \$500 for rates, charges and accounts receivable debt including interest and legal costs per customer as a bad debt.

Bad debts of an amount greater than \$10,000 per customer can only be written off by Council resolution.

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This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review:

Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Mica Martin', with a long horizontal stroke extending to the right.

Mica Martin
Chief Executive Officer

ORIGINALLY ADOPTED: 14/07/2003
CURRENT ADOPTION: 22/06/2022
DUE FOR REVISION: 22/06/2026
REVOKED/SUPERSEDED: