

DEBT RECOVERY POLICY

Intent: To establish a policy for the 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 charge is payable.

Debt

Amount owed to Council including rates, 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 Charges

As defined in Chapter 4 of *Local Government Regulation 2012* including differential general rates, minimum general rate levies, separate rates and charges, special rates and charges, utility charges and accrued interest or premium 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.

Suitable Payment Arrangement

A payment arrangement that will clear the outstanding debt before the end of the current rating period.

RATES AND CHARGES INITIAL RECOVERY ACTION

Legal action for the recovery of outstanding rates and charges may commence any time after a rate becomes overdue in accordance with the *Local Government Act 2009*. Unless there are circumstances which justify taking an alternative course of action, Council's initial recovery action to recover overdue rates or charges is as follows:

Overdue Reminder Letters

Council will issue an initial reminder letter if, at least seven days after the due date on the rates or water notices 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 will continue debt recovery contact and processes if 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 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.

Advice Re Installation of Flow Restriction Device

Council may issue an initial letter for the 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

Council may issue a notice for the 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 on vacant land or land used solely for commercial purpose 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.

Pensioners

Apart from the 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 the normal debt recovery procedures, including sale 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.

ACCOUNTS RECEIVABLE DEBT RECOVERY ACTION

Accounts receivable Debts

Accounts receivable debts are created after Council makes a supply of goods and/or services to a customer. An invoice is then raised showing details of the goods and/or services provided and a due date for payment.

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 Demand 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, consisting of a large, stylized loop followed by a few short, horizontal strokes.

**John Andrejic
Chief Executive Officer**

**ORIGINALLY ADOPTED: 14/07/2003
CURRENT ADOPTION: 26/06/2018
DUE FOR REVISION: 26/06/2022
REVOKED/SUPERSEDED:**