

Debt Collection

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Purpose

The purpose of this policy is to provide guidance to the revenue collection staff of the Towong Shire Council to levy and collect rates due on properties in the Shire and to ensure sound recovery of debtors in a timely manner.

Scope

This policy applies to staff responsible for and activities relating to the creation of invoices (including determination and collection of rates) and recovering of outstanding debtors. Council has a formal Revenue and Rating Plan (the Plan). Guidance provided in this policy is based on the principles outlined in the Plan.

A key source of income for Council are the annual Rates and Charges raised in relation to properties within the Shire. These funds assist with the provision of works and services which are included in the annual Budget.

With respect to Section 170 of the *Local Government Act 1989*, Council acknowledges that from time to time ratepayers and community members are faced with financial difficulties and require the deferral of payments. In recognition of this, the following Policy has been developed in order to clearly outline Council's approach to recover outstanding Rate and Sundry Debtors.

Objectives

The objectives of this policy are:

- To ensure that outstanding debts (ie. Rates and Sundry Debts) are recovered by Council in a reasonable timeframe; and
- To encourage ratepayers experiencing financial difficulty to contact Council to consider alternative arrangements, as per the *Financial Hardship Policy*, in order to avoid Council having to pursue legal action to recover the amount(s) outstanding.

Approach

We aim to achieve the objectives of this Policy by implementing the following approach:

Financial Hardship Assessment

Council is committed to assisting ratepayers and other debtors in genuine financial hardship. Prior to pursuing debt collection procedures, Council will advise the person of the payment options available under the *Financial Hardship Policy*. If financial hardship is identified, the ratepayer or debtor will be encouraged to apply for Council's alternative payment arrangements as per the *Financial Hardship Policy*.

Council acknowledges that financial hardship options will be communicated as early as possible in every circumstance where rates and charges are outstanding.

Outstanding rates and charges

Where Rates for the Financial Year are unpaid, the following procedures are to be followed:

- When the first instalment is unpaid, a reminder is included with the next instalment notice advising the ratepayer that the prior instalment is outstanding and requesting that the amount be remitted to Council within 14 days.
- When the second instalment is unpaid, a reminder is included with the next instalment notice advising the ratepayer that the prior instalment is outstanding and requesting that the amount be remitted to Council within 14 days. This reminder also encourages the ratepayer to contact Council if they are having difficulty paying their rates to arrange a payment plan.
- When instalments remain unpaid after the second instalment, the above process will be repeated for each next instalment.

Where Rates for the Financial Year are still outstanding after 24 months since the person was first notified and previous instalments remain unpaid, the following procedures are to be implemented without delay:

- The Assistant Accountant sends a "Courtesy" letter advising the Ratepayer that the debt is outstanding and asking the Ratepayer to remit the outstanding funds to Council within 14 days. This letter encourages the ratepayer to contact Council if they are having difficulty paying their rates to arrange a payment plan.
- If no response is received in relation to the Courtesy letter, the Assistant Accountant sends another letter (referred to as the "Final" letter) advising that if the debt is not settled within 14 days from the date of the Final letter the matter will be put in the hands of Council's Debt Collector. In accordance with Section 167 of the *Local Government Act 1989*, this letter again encourages the ratepayer to contact Council if they are having difficulty paying their rates to arrange a payment plan.
- If no response is received within 14 days from the date of the Assistant Accountant's "Final" letter the Assistant Accountant is to provide the Chief Executive Officer with the details of the outstanding debt together with details of all action taken to recover the debt. The Chief Executive Officer may then authorise the Assistant Accountant to put the debt in the hands of Council's Debt Collector.

At this stage the matter is then pursued by the Debt Collector.

- The Chief Executive Officer or authorised officers may institute proceedings in the corporate name of the Council for the recovery of any municipal rates and charges.
- The Debt Collector sends a Final Notice advising the Debtor that Legal Proceedings will be instigated if the debt is not settled within 7 days from the date of the letter. If no response is received the Debt Collector may issue a Solicitors letter, then if no response received, instigate Legal Proceedings.
- Should it become necessary that the matter proceed to the sale of the property to recover the outstanding amount, a report outlining all recovery action is to be presented to the Council prior to commencement of proceedings for the sale of the property.

Outstanding sundry debtors

Where Sundry Debtors are 30 days overdue (from the due date) the following procedures are to be implemented without delay:

- The Finance Officer Accounts sends a courtesy email and copy invoice advising the Debtor that the debt is outstanding and asking the Debtor to remit the outstanding funds .

Where Sundry Debtors are 60 days overdue (from the due date) the following procedures are to be implemented without delay:

- If no response is received in relation to the Courtesy email, the Finance Officer Accounts sends a second email, with copy invoice and statement asking the debtor to remit payment to avoid further action

Where Sundry Debtors are 90 days overdue (from the due date) the following procedures are to be implemented without delay:

- The Assistant Accountant contacts the debtor via telephone/email/letter to arrange a payment plan and advise that if debt remains unpaid there may be further legal action.
- If no resolution with debtor the debt is referred to the Chief Executive Officer who may then authorise the Assistant Accountant to put the debt in the hands of Council's Debt Collector.

At this stage the matter is then pursued by the Debt Collector.

- The Chief Executive Officer or authorised officers may institute proceedings in the corporate name of the Council for the recovery of any money due to the Council.
- The Debt Collector sends a Final Notice advising the Debtor that Legal Proceedings will be instigated if the debt is not settled within 7 days from the date of the letter. If no response is received the Debt Collector may issue a Solicitors letter, then if no response received, instigate Legal Proceedings.

Deployment

The Finance Department are to be familiar with, and accountable for, the delivery of this Policy. This will be measured via quarterly Workplan Reviews. In specific terms the responsibility for the management of outstanding rates, charges and debts generally can be described as follows:

Responsibility	Role / Position
Responsible for managing debt collection for Council	Manager Finance
Responsible for forwarding 'Courtesy' and 'Final' letters, assessment of any proposed 'Payment Plans', furnishing information to the Chief Executive Officer and liaison with Council's Debt Collector	Assistant Accountant
Responsible for authorising which debts are to be put in the hands of the Debt Collector, as well as instituting proceedings in the corporate name of the Council.	Chief Executive Officer
Responsible for monitoring the implementation of this Policy and any subsequent reviews/amendments.	Audit and Risk Committee Council

Human Rights Charter

This policy has been considered in relation to the Victorian *Charter of Human Rights and Responsibilities Act 2006* and it has been determined that it does not contravene the Charter.

Results

The deployment of this policy together with the results achieved will be reviewed at least annually.



Authorised by:

Juliana Phelps
Chief Executive Officer