



DISTRICT COUNCIL OF
OROROO/CARRIETON
Southern Flinders Ranges • Established 1997

Debtor Management Policy

Version 1.0

Debtor Management Policy

Strategic Reference	
File reference	LF_001
Responsibility	Chief Executive Officer
Revision Number	1.0
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Last revised date	
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Applicable Legislation	<i>Local Government Act 1999</i> s143, 144, 181, 182 & 184
Related Policies	
Related Procedures	

1. General Principles

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. The principles that will apply in the management and recovery of debt are as follows:

- a) Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management;
- b) Council will operate effective and consistent billing and debt collection processes;
- c) Council aims to minimise the amount of outstanding monies that it is owed;
- d) Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required;
- e) If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the debt;
- f) In case of financial hardship Council will consider postponement of payment and/or a suitable repayment plan;
- g) Staff will maintain procedures to support the administration of this policy, including the monitoring of compliance with associated internal controls.

2. Introduction

An explicit set of policies and procedures is a necessary tool for sound financial management providing the following benefits:

- (a) Public accountability and transparency – Policies and procedures publicly document the Council's position on which it will base its decisions. They demonstrate the Council's commitment to sound financial management and establish transparency for audit purposes;
- (b) Ensuring a considered approach – The formal adoption of carefully documented policies and procedures helps ensure that the Council's position on each issue has been properly considered, having regard to alternative approaches and the wider policy and statutory context;
- (c) Consistency of decision making – By adopting clear Council policies and procedures a consistent basis for decision-making over time is established. While the Council can make a decision contrary to its adopted policy, it needs a deliberate decision to do so which helps to ensure that proper consideration has been applied;
- (d) Clear guidance for staff – Explicit policies and procedures set out the required approach, responsibilities and processes for staff to properly administer the financial business of the Council in accordance with its wishes and consistent with statutory requirements and sound financial management practices. This in turn protects staff from allegations of financial mismanagement as long as the policies and procedures are followed.

3. Local Government Act 1999

- 3.1 Council may write off bad debts pursuant to Section 143 of the Local Government Act 1999.
- 3.2 Council may write off any debts owed to the Council if the Council has no reasonable prospect of recovering the debts or if the costs of recovery are likely to equal or exceed the amount to be recovered. (S143(1)).
- 3.3 Council must not write off a debt unless the Chief Executive Officer has certified that reasonable attempts have been made to recover the debt or the costs of recovery are likely to equal or exceed the amount to be recovered. (S143(2)).
- 3.4 If Council delegates the power to write off debts, the Council must set an amount above which the delegation will not apply. (S143(3)).
- 3.5 Fees, charges, expenses or other amounts may be recovered by Council as a debt by action in a court of competent jurisdiction. (S144(1)).
- 3.6 Where the fee, charge or expense is in respect of a rateable or other property, the Council may, after giving at least fourteen (14) days notice, recover the debt as if it were a rate declared on the property at the time of the notice requiring payment. (S144(2)).
- 3.7 Late payment penalties and interest apply if instalment of rates not paid by due date. (S181(8)).
- 3.8 Council may sell land if rates in respect of land has been in arrears for three (3) years or more. (S184(1)).

3.9 Council may remit and postpone payment of rates. (S182).

4. Purpose

- 4.1 To provide a clear and concise policy framework in which to pursue all outstanding debts owed to the Council.
- 4.2 To ensure a fair, consistent and accountable approach to Council's debtor management and collection decisions and practices and have regard to a person's financial circumstances.
- 4.3 Assist in the efficient management of Council assets through the timely collection of outstanding monies.

5. Policy Detail

	Rate Debtor	Sundry Debtors
Debt Management Process	<p>The following process applies to debts with one quarter instalment outstanding which has been overdue for a minimum of 14 days: Reminder letter requesting immediate payment or to contact Council to enter into a payment arrangement.</p> <p>If rates debt is outstanding for 2 or more quarters, another reminder letter will be sent requesting payment within 21 days. Should full payment not be received or a written payment arrangement is not submitted to Council then debt collection proceedings will commence via Council's debt collection agent (subject to minimum outstanding value of \$300).</p> <p>The debt collection agent will send a letter of demand for payment within 7 days. The letter will state that failure to make payment in full or to enter into an arrangement will result in the commencement of legal action.</p>	<ul style="list-style-type: none"> • 30 Days - Statement issued with an overdue notification requesting payment within 7 days. • 60 Days – Letter of Demand sent informing that legal action will be pursued without further notice if no satisfactory response from the debtor. • 90 days – Debt Collection agency will be instructed to instigate legal proceedings for recovery of debt. <p>In consultation with the Department initiating the debt, negotiated exemptions may be provided depending on the level/nature of the debt and the debtor (eg community groups or welfare recipients).</p>
Late payment penalties and interest	Fines and interest will be applied in accordance with Local Government Act 1999.	Not applicable

	Rate Debtor	Sundry Debtors
Sale of land for non-payment	In accordance with Section 184 of the Local Government Act 1999, Council may sell land for the non-payment of rates when the rates are in arrears for 3 years or more. A report will be prepared for Council detailing any rate debtors that have remained unpaid following the implementation of recovery action, and are in arrears for 3 years or more. Council will provide direction on further action pursuant to Section 184 of the Local Government Act 1999 on presentation of such a report.	Not applicable
Performance Target	Outstanding rate debt as a percentage of total rate revenue to be reduced as follows: < 10% by 30 June 2017 < 8% by 30 June 2018 < 5% by 30 June 2019	Of total value of debts owed to Council: <ul style="list-style-type: none"> • Less than 30 days – 70% • 30-60 days – 20% • 61-90 days – 6% • > 90 days – 4%
Delegations – Write-offs	Debts shall be written off only when all reasonable attempts at recovery have been taken. <ul style="list-style-type: none"> • Chief Executive Officer – up to \$5,000 • Council – over \$5,000 The above limits to be reviewed annually as per Council's Delegations Register. The Chief Executive Officer will maintain a register of Debts written-off in accordance with this Policy.	
Provisions for Bad Debts	Provision for Doubtful Debts will be reviewed on an annual basis.	

6. Further Information

Availability of Policy

A copy of this Policy is available for inspection by members of the public at the offices of Council during normal office hours, or from the Council's website. Alternatively, the public may obtain a copy for a fee fixed by Council.

Further enquiries in relation to the policy should be directed to the Chief Executive Officer, or telephone 8658 1260 or by email to council@orreroo.sa.gov.au

Review

The effectiveness of this Policy shall be reviewed at least once every two (2) years. However, Council may revise or review this Policy at any time (but not so as to affect any process that has already commenced).