



Debt Management Policy

Application	Finance staff and ratepayers
Responsible Officer	Director Corporate & Community Services
File No	CM:POL:CWP
Authorised by	Council
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Distribution	Internet / Intranet / Public Exhibition

Purpose

The purpose of this policy is to ensure:

1. Effective control of debts owed to Council
2. Council staff will treat people fairly, consistently and in a confidential manner
3. Council staff are sympathetic and helpful to debtors suffering genuine financial hardship as defined in Council Policy 100.
4. Council fulfils the statutory requirements contained in the *Local Government Act 1993* and *Local Government (General) Regulation 2021* with respect to the recovery of rates and other user-pays fees and charges
5. Council's cash flow is optimised and the collection of outstanding debt is maximised
6. Staff have a clear policy with regard to the management of debt in Council's operating environment

Scope

This policy applies to all situations where a debtor defaults on an obligation to pay Council an amount of money including, but not limited to:

- rates and annual charges
- water usage charges
- fees and charges as approved by Council

Definitions

Term	Meaning
Council	Carrathool Shire Council
Debtor	An individual or corporate entity owing money to Council
Default	Default occurs when a debtor has not met a legal obligation to pay money

Reference

This policy complements other legislation and where it is silent on matters referred to in the following legislation such matters must be followed in accordance with the legislation.

- *Local Government Act 1993*
- *Local Government (General) Regulation 2021*

Policy Statements

Council recognises that it is in the community interest to maximise the collection of rates and annual charges, water usage charges and Council-approved fees and charges and further, to

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recover interest and other expenses where these are necessarily incurred in collecting monies owed to Council.

In order to facilitate effective debt management:

1. *Council will act to promote the timely payment of all monies due and payable*

Council will provide modern payment processes that best suit current-day needs, including electronic payment methods such as BPay, together with options to smooth out payments across the year on request.

It is important that Council recovers debt from unpaid rates and annual charges, water usage charges and other approved fees and charges fairly and equitably. Council will give special consideration when debtors face hardship in limiting (where possible) unnecessary fees, interest and legal costs in order to avoid causing additional financial stress.

Council recognises that most debtors act responsibly if they are given clear, easy to understand information about the monies they owe, as well as flexible arrangements to pay in an easy and timely way.

2. *Council will provide clear information about debts and defaults*

Council will provide debtors in default with an overdue notice.

Where relevant, Council will provide a letter explaining the next action Council will take should the account not be paid by the date referenced in the letter. This will contain a warning about restriction of services which may be put in place.

Council will also provide advice to the debtor about how to find information about local support services including free legal advice or financial counselling.

Council will explain that it may consider engaging in a repayment arrangement where it forms the view that doing so will achieve a mutually satisfactory outcome for both Council and the debtor.

3. *Financial Hardship*

Council will clearly explain what the debtor must do if they are experiencing financial hardship and need Council to formally consider providing relief. This will usually involve the debtor making an application for financial relief in accordance with *Council Policy 100 – Financial Hardship Policy*.

When a debtor makes an application for hardship in accordance with *Council Policy 100 – Financial Hardship Policy*, Council will take a 'stop the clock' approach, suspending further action by Council until a decision is made on the hardship application.

If a debtor does not seek relief under *Council Policy 100 – Financial Hardship Policy*, and the account remains in default, Council will initiate debt recovery action.

4. *Restriction of services or access*

Council will only restrict access to services if a debtor has been provided with adequate notice (14 days) that access or services will be restricted. Council will explain when the restriction will take effect and the actions a debtor can undertake to prevent the restriction.

A water flow limiting device may be installed on water meters where the account has not been paid and a suitable payment arrangement has not been approved. Such a device shall restrict the flow of water in accordance with Clause 144 *Local Government (General) Regulation 2021*.

5. Debt recovery action

Once Council has exhausted all reasonable avenues to prevent matters from proceeding to Court or other formal action, Council will apply best practice legal methods for the recovery of debt.

Debt recovery action may include the passing of a debt to a commercial recovery agent.

If Council decides to seek assistance from a commercial recovery agent, Council will ensure (as far as is practical) that the agent operates in accordance with the *Debt collection guideline: for collectors and creditors* (published by the ACCC in April 2021). Council will not seek assistance from a commercial recovery agent if the debt owed is less than \$200.

In certain circumstances Council may seek to sell land to recover unpaid rates and annual charges if the requirements of s713 *Local Government Act 1993* have been met.

Revision Table

Minute /Date	Amendment Summary	Reason or Reference
0799/15.09.1987		
3915/16.09.2003		Replaced 2.12 and Review
15.09.2011		Reviewed by General Manager
1366/15.05.2012		Replaced Policy 15 Recovery of Outstanding Rates
1131/ 22.10.2019	Major amendments to debt collection agency information	Reviewed
0689/17.10.2023	Complete rewrite of policy	To review and align Council debt recovery documents

Associated Documents

Council Policy 100 – Financial Hardship Policy
Form 002 – Rates, Charges, Debtors Payment Agreement Form
Annual Fees and Charges

Review

This policy may be amended from time to time and will be reviewed within four years of its adoption (or latest amendment) with reference to any relevant legislation, best practice guides, or other factors.