



Sundry Debt Recovery - Council Policy

1. PURPOSE

This policy sets out the framework within which Council will operate to recover overdue Sundry Debt Accounts:

- the timely, efficient, cost-effective, fair, and consistent collection of sundry debts owing to Council, to achieve Council's budgetary objectives.
- when credit will be granted by Council, and upon what key terms.
- recovery action for general (sundry) debts, but allowing flexibility for Debtors who display genuine commitment to clearing their debt; and
- parameters for writing off bad debts.

2. SCOPE & AUTHORITY

From time to time, Council incurs debts from ratepayers, residents, and businesses within the region as part of its general operational activities. These generally relate to services it performs, facilities it provides, and to sundry account fees (such as animal registration, licensing, and permits) and fines.

Council allows a reasonable timeframe for payment of debts, at the end of which Debtors are required to pay all outstanding monies owed to Council.

The Local Government Act and Regulation do not prescribe any obligations for the collection of general (sundry) debts owed to Council, and this Policy provides that direction.

However, this Policy does not apply to outstanding Rates and Charges, which are governed by the Act, the Regulation and certain other Council policies (particularly, the Rates Recovery Policy). The policy applies to all sundry debts receivable by Council unless otherwise specified.

This is a discretionary policy, resolved by Council under its powers in accordance with the Queensland Local Government Act (2009) Chapter 2, Section 9 which states:

9 Powers of local governments generally

- (1) *A local government has the power to do anything that is necessary or convenient for the good rule and local government of its local government area.*

3. POLICY STATEMENT

3.1 Council general position

The principles that will apply in the management and recovery of debt are:

- 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.
- Council will operate effective and efficient billing and debt collection processes.
- Council aims to minimise the amount of outstanding monies that it is owed.
- Council will recognise genuine financial hardship and treat people with respect and compassion in considering their circumstances.
- Council will treat all people fairly and consistently under this policy.
- 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.
- Council will not place an outstanding debtor with Council's debt collection agency without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt
- Once a final letter of demand is issued legal action will proceed and any settlement negotiations will be made on a "without prejudice" basis so that the legal right to collect the debt is not compromised.



Sundry Debt Recovery - Council Policy

- Council will make the processes used to recover outstanding debts clear, simple to administer and cost effective.

3.2 Debt Management and Recovery

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. If a debtor cannot discharge their sundry debt obligations on the due dates, the following will be applied:

- Interest charges are applied to outstanding invoices at the end of the month following the due date. Interest will accrue at the rate of 11% compounding daily. Interest shall be applied on all overdue Sundry Debts unless otherwise authorised by the Chief Executive Officer.
- All outstanding debts are referred to Councils Debt Recovery Agency for the issuing of Letter of Demand.
- Council shall proceed with legal recovery action against any Sundry Debtor with a debt over \$500.00 who has not satisfactorily responded to any Notices previously sent by issuing a Claim that will be served on the Sundry Debtor.
- For debts under \$500.00 that remain unpaid after the Letter of Demand has been forwarded to the Sundry Debtor, the Chief Executive Officer (or delegate) may exercise discretion as to whether to instigate recovery through a Minor Debt Claim and not provide any future goods or services to the Sundry Debtor.
- Monthly debtor statements detailing all sundry debts due to Council shall be forwarded by postal or electronic means to debtors. The following debt collection practices will be applied to all sundry debts that are not subject to dispute which have been outstanding for 30 days:

STAGE	TIMING	ACTION TYPE	AUTHORITY LEVEL
1.	30 day Reminder Letter	Notice informing Debtor that their account is overdue and requires payment to avoid further action.	Manager Finance Services
2.	60 Day Reminder Letter	Notice advising the debt is overdue and urgent action is required. Further action may be initiated unless the debt is paid in full or an approved payment arrangement is entered.	Manager Finance Services
3.	90 Day Reminder Letter	Notice advising Debtor that legal action may be initiated unless the debt is paid in full or approved payment arrangement is entered within 14 days	Manager Finance Services and Chief Executive Officer
4.	14 days after the issue of the 90 Day Reminder Letter	Council shall proceed with legal recovery action against any Debtor who has not satisfactorily responded to any notices previously sent.	Manager Finance Services and Chief Executive Officer

3.3 Payment Arrangements

Council will not pursue further recovery action against a debtor who has a signed payment commitment agreed by Council, while the arrangement is current, and the debtor adheres to the agreed payment schedule.

An agreed payment arrangement will generally result in all sundry debts being paid in full within 26 weeks of the arrangement being made. Payment arrangements can be weekly, fortnightly or monthly. Council, through its Chief Executive Officer (or delegate) may also exercise discretion to:

- accept single or ad hoc payments related to a payment proposal submitted from a property owner.



Sundry Debt Recovery - Council Policy

- extend the period of the payment arrangement beyond 26 weeks (but not exceeding 12 months) in the circumstances of exceptional hardship.

In the event that a payment commitment is not maintained within the agreed terms, recovery action will continue. Sundry debtors can request further arrangements, but a maximum of three (3) arrangements will be given before no further arrangements will be considered by Council.

3.4 Writing Off Bad Debts

The Chief Executive Officer has delegated authority to write-off amounts of up to \$10,000 per debtor as a bad debt. The Director Finance & Corporate Services has delegated authority to write-off amounts of up to \$5,000 per debtor as a bad debt. Bad debts of an amount greater than \$10,000 per debtor must only be written off by Council resolution.

4. RESPONSIBILITIES

4.1 All Councillors and Council employees

- Must undertake any dealings with customers in relation to Sundry Debts or recovery of same, in compliance with this Policy.
- Have a responsibility to:
 - Treat all customers in a fair and equitable way
 - Deal with debt in a fair and equitable way
 - Be accountable and transparent in their dealings with sundry debtors.
 - Be cognisant of difficult circumstances which some debtors may experience.
 - Abide by legislation relating to credit and debt collection.
- Council shall consider and determine by Council Resolution whether to write-off amounts of greater than \$10,000 per debtor as a bad debt.

4.2 Managers and Directors

- Must respect, promote and act compatibly with this policy.
- The Manager Finance Services will oversee the collection of sundry debtors and all processes described in this Policy unless otherwise stated.

4.2 Director Finance and Corporate Services

- Shall be the custodian of this policy
- Shall implement processes, control measures and training that provide assurance that Council acts in accordance with the policy.
- Shall consider and determine whether to write-off amounts of up to \$5,000 per debtor as a bad debt.

4.3 Chief Executive Officer

- Shall determine any variation to the interest payable on overdue Sundry Debts in accordance with clause 3.2.
- Shall determine whether to exercise discretion and instigate recovery through a Minor Debt Claim and not provide any future goods or services to the Sundry Debtor for debts under \$500.00 that remain unpaid after the Letter of Demand has been forwarded to the Sundry Debtor, in accordance with clause 3.2
- Shall consider and decide requests for Payment Arrangements in accordance with clause 3.3.
- Shall consider and determine whether to write-off amounts of up to \$10,000 per debtor as a bad debt.

5. RISK

This policy aims to address the risks that sundry debts owed to council grow to unacceptable levels and impact council operations and financial sustainability. It also aims to address the risk that such debts are recovered inconsistently or unfairly. It addresses these by outlining how staff must address and recover such debts consistently and ethically, consistent with the provisions of the Local Government Regulations.



Sundry Debt Recovery - Council Policy

6. IMPACTS

Corporate Plan: Goal – 5. Governance; Program Areas – 5.3 Excellence in service delivery and project management; 5.4 High levels of accountability and compliance; 5.5 Financial management for long-term sustainability.

Human Rights Compatibility Statement: This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019.

Engagement: This policy has been developed in consultation with the Senior Leadership Group.

7. RELATED LAWS

- Queensland Local Government Act (Qld) 2009
- Local Government Regulation (Qld) 2012

8. RELATED DOCUMENTS

- Council Revenue Policy
- Council Revenue Statement

9. REVISION HISTORY

Revokes: Sundry Debt Recovery Policy, Ref# 74577 Version 2, approved by Council 16/05/2019.

Previous approved versions: Sundry Debt Recovery Policy, Ref# 74577 Version 1

Suggested to review by: 21/10/2023

10. DEFINITIONS

CEO means the Chief Executive Officer of the Balonne Shire Council appointed in accordance with the Local Government Act 2009.

Council means Balonne Shire Council, its elected Councillors, its management and its employees.

Council Employees means all permanent, casual and temporary employees, contractors, volunteers, apprentices, trainees and work experience students.

Debt means is the amount of money owed by debtor as a result of a transaction with Council.

Debtor means an individual, organisation or other party that transacts with Council for the purchase and/or provision of goods or services from Council that result in a commitment to pay at a future time.

Financial Hardship means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

Payment Arrangement means where the debtor forwards a written proposal for alternative arrangements for payment of the debt to the terms on the invoice and Council provides written approval of the proposal.

Rates and Charges has the same meaning as set out in the *Local Government Act 2009*.

Sundry Debt means any debt due to Council other than rates and charges.

11. ATTACHMENTS

Nil