



RICHMOND SHIRE COUNCIL DEBT COLLECTION POLICY

POLICY NUMBER:	007
INFOPERT REF:	76296
TIME PERIOD OF REVIEW:	1 Year
DATE OF NEXT REVIEW:	June 2025

1. OBJECTIVE

To provide guidelines for Richmond Shire Council to be able to reduce the overall debt burden on ratepayers and debtors.

2. SCOPE

Council will exercise its debt recovery powers in order to reduce the overall debt burden on ratepayers. It will be guided by the principles of:

- transparency by making clear the obligations of its ratepayers and sundry debtors to the processes used by Council in assisting them meet their financial obligations;
- making the processes used to recover outstanding debt clear, simple to administer and cost effective;
- equity by having regard to providing the same treatment for ratepayers and sundry debtors with similar circumstances; and
- flexibility by responding where necessary to changes in the local economy

To minimise the number of Council's bad debtors by initiating approval and monitoring processes together with a range of debt collection strategies.

3. PROCEDURE

New debtors will be required to complete an application along with a Name and Address Register (NAR) form.

3.1 Interest

Interest is not charged on overdue debtors.

Unpaid rates will bear an interest charge of 12.35% This is compounded daily if outstanding sixty (60) days after each levy date in accordance with Section 133 of the Local Government Regulations 2012.

3.2 Rate Arrears

The *Local Government Act 2009* (hereinafter referred to as the Act) provides for mechanisms to recover an overdue rate. These mechanisms are: -

- recovery in a court of competent jurisdiction as a debt
- recovery by way of sale of land.

Before such action is taken, the following recovery arrangements are to be employed: -

3.3 Rates Over 60 Days in Arrears After the Rate Payment Is Due

A letter be sent to the ratepayer via **registered post** as a final reminder encompassing the following content: -

- the amount of the overdue rate.
- details of interest accumulating on the amount.
- that payment or offer to pay by instalments is required within 14 days.
- that if payment is not obtained with 14 days collection proceedings for recovery of the outstanding amount will be taken without further notice.

In accordance with Council's Revenue Statement interest charges will commence on outstanding balances.

An offer to pay by instalments in this manner must be made in writing and approved by the Chief Executive Officer or Director of Corporate Services, such arrears of rates to be fully paid by 30 June of the current financial year. Agreements outside of these terms shall be referred to Council for approval.

** Should an arrangement to pay by instalments be entered into debt recovery action shall be suspended whilst the arrangement is being maintained. In accordance with the Local Government Act interest shall not be charged on outstanding amounts whilst the arrangement is in place.*

Should the rate remain unpaid after 14 days and no payment arrangements entered into (or awaiting ratification by Council) the debt shall be referred to Council's Solicitors or Collection Agency for collection action.

3.4 Rates 3 Months To 12 Months In Arrears After The Rate Is Due

Rates Officer to monitor the progress of the collection action by the Solicitors or Collection Agency and compile a monthly report on debt recovery actions.

Where this action does not bring full payment, the debt shall be referred to Council to undertake the filing of the debt in the Magistrates Court either by way of a minor debt claim in the Minor Debts Court or in the normal jurisdiction of the Magistrates Court.

3.5 For Rates At Least 12 Months In Arrears After The Rate Is Due

In respect of the following classes of land: -

- a) Vacant land, or
- b) Land used solely for commercial purposes

Council may enact the provisions of Chapter 4 Part 12 under the Local Government Regulation 2012 and make application for a judgement from the Magistrates Court to proceed with sale of land.

3.6 For All Other Rates Being Three (3) Years In Arrears After The Rate Is Due

Council will enact the provisions of Chapter 4 Part 12 under the Local Government Regulation 2012.

3.7 Sundry Debtors' Arrears

Households may maintain more than one account with Council for the provision of different services, however all accounts held in that person's name must comply with the debt collection policy to be permitted a post-paid account. Should one account default all accounts featuring that debtors name will default.

Council has a thirty (30) day account policy for all debtors. Statements will be issued monthly.

(1) ACCOUNTS 30 TO 60 DAYS ARREARS AFTER THE INITIAL INVOICE

A statement will be issued with a reminder sticker.

(2) ACCOUNTS 60 TO 90 DAYS IN ARREARS AFTER THE INITIAL INVOICE

The issue of a notice advising that the account has been referred to Council's Suspended Debtor List. The debtor is required to pay any outstanding debt before any further services are provided by Council. Once the debtor has paid the outstanding debt the credit status will be reinstated.

Should payment not be received, or a payment plan entered into, the account shall be referred to the Nil Credit List.

(3) ACCOUNTS 90 DAYS OR MORE IN ARREARS AFTER THE INITIAL INVOICE

The issue of a notice advising the debtor they are now on the Nil Credit list and failure to pay will result in the debt being referred to Council's chosen debt collection agency.

Payment will be required in advance from the debtor when requesting future services. They will be provided with a quote first and payment must be received before the works commence.

Debtors can request a plan to pay by instalments with the options of weekly or fortnight payments to cover the owed debt within a two (2) month period. This must be made in writing and approved by the Director of Corporate Services. Failure to adhere to the payment plan will result in being placed on the Nil Credit List and further action being taken as required.

A debtor may request removal from the Nil Credit list once all outstanding payments are made by providing the request in writing to be approved at a Council meeting by resolution.

(4) ACCOUNT 120 DAYS OR MORE IN ARREARS AFTER THE INITIAL INVOICE

The issue of a notice advising the debt has now been referred to the Council's chosen debt collection agency. There is no further correspondence with the debtor once the collection agency has been engaged. The Debtor Officer will monitor the progress of the collection and provide a status report to the Director of Corporate Service every month.

3.8 Services Required To Be Paid In Advance

Council offers some services that require payment in advance, these include but not limited to Commercial Rent, Agistments, Horse Paddocks and Stable Hire.

If these invoices fail to be paid within 30 days of invoice date, then Council will take action in accordance with point 3.3 (2) *Accounts 60 to 90 days in arrears after initial invoice*.

3.9 Residential Rental Agreements

All residential rental agreements are governed by the Residential Tenancy Authority (RTA). Rent arrears will be administered in accordance with the RTA guidelines.

3.10 Payment Arrangements Via Direct Debit

Council offers direct debit for any payments. If a direct debit is dishonoured and there is a fee, then this fee will be passed onto the Ratepayer or Debtor. A letter will be sent to the Ratepayer or Debtor if a payment is dishonoured. If two (2) direct debits are dishonoured Council reserves the right to cancel the direct debit arrangement. This may mean that a new direct debit form will need to be agreed to.

3.11 Bad Debts

Bad debts will be recognised when the sundry debt is seen to be no longer commercially collectable. Such action maybe recommended to Council by its Solicitors or Collection Agent should the amount of the debt be uneconomic to proceed to the Magistrates Court or any other circumstance which may prohibit the likelihood of collection.

The Chief Executive Officer has the authority to write off minor debts, and rate interest to the value of \$250.00.

The Director of Corporate Services will report to Council any bad debts that may be considered for write off.

A register of bad debtors will be maintained by the Debtors Officer and circulated to relevant staff.

Credit will be denied to bad debtors.

4. RELATED DOCUMENTS

- Richmond Shire Council Revenue Policy
- Richmond Shire Council Direct Debit Agreement
- Richmond Shire Council Agistment Policy
- Richmond Shire Policy Stable Hire Policy
- Richmond Shire Council Horse Paddock Policy
- Richmond Shire Council Outside School Hours Care Parent Handbook
- Richmond Shire Council Outside School Hours Enrolment Form

5. LEGISLATION

- *Local Government Act 2009*
- *Local Government Regulation 2012*

6. IMPLEMENTATION

This Policy will commence from the Policy reviewed date and will be made available to all corporate staff on Council's intranet site/network, and to all outdoor staff via their supervisor/coordinator. Council reserves the right to vary, replace or terminate this Policy from time to time. This Policy will typically be reviewed when a review has been deemed appropriate by organisational processes (e.g., audit recommendations), or when legislative requirements change.

7. APPROVAL

Date of Adoption: 15 February 2012
Policy Reviewed: General Council Meeting 16 July 2024
Resolution Number: 20240716.2

Policy Authorised: Peter Bennett
Chief Executive Officer