

REVIEW OF DEBT AND RECOVERY POLICY (CONT.)

MITCHELL SHIRE COUNCIL

Council Meeting Attachment

CORPORATE SERVICES

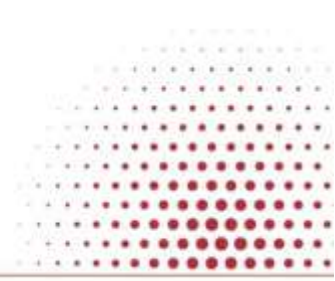
15 AUGUST 2016

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REVIEW OF DEBT AND RECOVERY POLICY

Attachment No: 1

Debt Recovery Policy



Debt Recovery Policy

Policy Owner	Manager Finance &Governance
Department	Finance
Creation Date	9/04/2001
Revision Date	15/08/2016

Contact us:

Phone: (03) 5734 6200

Fax: (03) 5734 6222

Email: mitchell@mitchellshire.vic.gov.au

Website: www.mitchellshire.vic.gov.au





PURPOSE

The purpose of the Debt Recovery Policy is to provide management and staff with guidance in the recovery of outstanding money due to Council. Utilising this policy will ensure a fair and consistent approach is applied to all Council debtors. The Rates and Charges Hardship Policy deals with the provision of rate relief to individuals who need further assistance.

SCOPE

The Debt Recovery Policy applies to all outstanding amounts, inclusive of rates and charges, infringements, Kindergarten debtors, etc. and applies to all staff responsible for raising, collecting and monitoring amounts outstanding.

BACKGROUND

Council's strategic direction requires maintaining high standards of financial stewardship and internal control. Council must continue to undertake fair, consistent and responsible debt collection to ensure Council's cash flow is not impacted by high levels of outstanding monies.

POLICY STATEMENT

Council has a responsibility to manage its finances in a thorough and timely manner.

1.1 Recovery Process for Rates & Charges

The role of the Revenue Coordinator is to provide sound credit management and the recovery of debt in a timely manner.

Each property receives an instalment notice each quarter that will include all outstanding monies due to Council.

Council will send a Final Notice within one month for any instalment not paid by the due date where only one instalment is overdue.

Debt recovery involving legal action will be undertaken in accordance with this Policy.

Recovery will commence within one month after two missed instalments unless satisfactory arrangements have been made with Council, this is achieved through a letter of demand mailed on behalf of Council by a Debt Collection Agency. This letter will indicate that the full amount of rates and charges are due and payable immediately to avoid further legal action. Payment arrangements may still be made however legal action will continue should the ratepayer not adhere to the approved arrangement.

Suitable payment arrangements will be made with either the Debt Collection Agency or Council Officers in order to clear the debt. Advice about appropriate financial counselling services will be provided if requested by debtors.



If a final letter of demand has been issued and payment is not received nor a suitable arrangement entered, a Solicitor's letter is issued providing the final opportunity for payment prior to legal action occurring and legal costs being incurred.

Following the issue of a Solicitor's letter, and the cost of issuing a Summons is less than the total debt outstanding, a Summons will be issued for recovery of the total debt including interest and any costs incurred by Council.

Where the amount outstanding is less than the cost of issuing a Summons, legal action will not commence until the debt meets this condition. However, letters of demand will still be issued each quarter.

Should the issue of a Summons fail to finalise a debt, Council will obtain judgement and where necessary continue the available legal processes to recoup all monies owed to Council.

The Director Corporate Services, Finance Manager or the Revenue Coordinator will be authorised to extend the time for payment if, in their opinion, the ratepayer is experiencing financial difficulties. If a request is made to defer the rates and charges as a charge against the property, an application must be made to Council in writing in accordance with the Rates and Charges Hardship Policy. Any such requests will be reviewed by the Finance Manager and the Revenue Coordinator.

Should a ratepayer own more than one property, then the total value of all the debts will be used when ascertaining if such properties meet the criteria to continue legal steps for recovery.

If proven that a debtor has the ability to pay the debt and fails to do so, then provided the requirements of Section 181 of the *Local Government Act*, 1989 are met, the Revenue team will prepare a report for Council recommending that the property be sold for recovery.

In relation to the sale of land for recovery of outstanding debts, a report must be prepared by the Revenue team advising Council of its intention to do so. Prior to any report being presented to Council, all available options such as agreements and correspondence, as well as legal requirements under Section 181 of the *Local Government Act*, 1989 must be met.

1.2 Recovery process for Sundry Debtors

Sundry debtors include all revenue raised and due outside of Rates. The debtor will receive an invoice detailing all particulars regarding the invoice and that payment is required within 30 days. If a sundry debtor account remains outstanding for greater than 60 days, interest may be applied in accordance with Section 227 of the *Local Government Act*, 1989.



Statements are mailed where applicable on a monthly basis by the team responsible for raising the debt to all debtors and serve as a reminder. These statements will advise that failure to pay may result in legal action.

If not paid within 60 days, the debtor will receive a statement stating that failure to pay will result in legal action.

Legal action will commence after 90 days for all amounts greater than \$300.00.

At any time if appropriate, suitable payment arrangements will be made with Council Officers in order to clear the debt. Advice about appropriate financial counselling services will be provided if requested by debtors.

If, after the service of monthly accounts on the debtor for a three to twelve month period, the debt remains unpaid and collection attempts have been thorough and unsuccessful, then the Finance Manager will be authorised to write off all debts under \$1,000.

For debts between \$1,000 - \$3,000 and deemed uncollectable by Council's Debt Collection Agency, the Finance Manager may write off. All debts greater than \$3,000 will be authorised by the Director Corporate Services.

All debt write offs are performed under appropriate delegation and incorporated into Council's Annual Financial Statements.

Corporate Framework

This policy supports Council's Mission and Vision of maintaining a strong financial base for Mitchell Shire Council and its residents.

REVIEW

This policy will be reviewed every four years or earlier as required.