

DEBT COLLECTION POLICY	
Type	Governance
Category	Finance
Responsible Officer	Manager Corporate Services
First Issued / Adopted	Amended and approved by Audit Committee on 12 October 2011 and Management 8 November 2011
Review Period	2 Years
Last Reviewed	23 September 2021, 9 April 2020, 22 May 2019, 23 May 2016, 27 January 2016, 7 April 2014
Minutes Reference	OM319/21, OM344/20, SM21/20, OM188/19
Next Review Date	September 2023
Applicable Legislation	Local Government Act 1999
Related Documents	Financial Hardship Policy Financial Hardship (CWMS) Policy
Public Consultation Required	No
File Reference	9.63.1.4

1. PURPOSE

To describe the approach to the recovery of outstanding amounts due to non-payment.

2. SCOPE

The policy applies to the collection of all outstanding debts owed to Port Pirie Regional Council.

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3. DEFINITIONS

Collection Agency – A company engaged by Council for the formal legal collection of rates and sundry debtor amounts owing to the Council.

Payment Agreement – an agreed schedule of regular payments to be made by a Rates or Sundry Debtor to meet an outstanding amount owed to Council.

Rates Debtor – Any person, body corporate, or group incurring a rates debt including property rates, service charges, fines, interest and any other related charges.

Sundry Debtor – Any person, body corporate, or group incurring a debt for services, goods, penalty or other purpose.

4. POLICY STATEMENT

- 4.1 Council needs to ensure that there is timely collection of income owed for rates and charges and various fees so that there are funds available when needed to support the delivery of services and activity programs to the community.

Any increase in unpaid debts to Council is a financial risk so a structured collection and recovery process is needed to minimise the impact for Council.

- 4.2 Council recognises that there are times when it is difficult to meet payment timelines for Rates and Sundry Debts that are owed to Council.

Flexible payment arrangements are available to assist the payment of all accounts to the Council. This is in addition to the current payment arrangements for Rates Debtors which allows for four instalment payments per year.

This form of payment arrangement is not deemed to be financial hardship assistance.

Rates, Levies and Service Charges

- 4.3 A Rates Notice is issued each quarter no less than 30 days before the due date of the payment.
- 4.4 If no payment is received by the due date, a Reminder Notice will be sent within 7 days of the due date on the quarterly notice.
- 4.5 Within 7 days of the due date for the payment of the quarterly notice, the statutory fines will be imposed on all amounts in arrears.

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4. POLICY STATEMENT (Cont'd)

- 4.6 After 30 days of the due date for the payment of each quarterly notice, a final warning letter shall be written to all outstanding Rates Debtors advising that legal proceedings to collect the debt, will be commenced if there is no contact with Council by the Rates Debtor, within 7 days of the date of the letter.

All Other Fees and Charges

- 4.7 All Sundry debtors shall be issued with an invoice detailing the service provided and charge levied by the Council.
- 4.8 At the commencement of each month, all Sundry debtors shall be issued with a statement of the outstanding debt.
- 4.9 If the amount is outstanding after 60 days, the Sundry debtor will be contacted in an effort to seek prompt payment or to make arrangements for payment.
- 4.10 All amounts outstanding after three months from the date of the initial invoice shall be issued with a final warning letter advising that legal proceedings to collect the debt will be commenced if there is no contact by the Debtor within 14 days of the date of the letter.
- 4.11 If the amount is outstanding after 30 days, the debtor will be contacted and advised that the service may be discontinued (and that the debt will still be payable).
- 4.12 If the amount remains outstanding after 60 days, the service will be discontinued. Services will be re-commenced at any time within 30 days of payment made in full to the Council.
- 4.13 On the expiration of the prescribed time as specified in the Final Warning Letter, Council shall place the account in the hands of a collection agency.

Payment arrangements

- 4.14 A payment arrangement can be entered into at any time. All payment arrangements are to be submitted in writing by the debtor, email is acceptable.
- 4.15 Flexible payment arrangements are available where the outstanding amount will be paid within a reasonable time. It is expected that Rates Debtor amounts will be fully cleared by 30 June each year and Sundry Debtor amounts will be cleared within six months of the date of the initial invoice.

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4. POLICY STATEMENT (Cont'd)

- 4.16 A payment arrangement will be established having regard to:
- the debtor's capacity to pay;
 - any arrears owing by the debtor, and
 - the flexibility to pay the debt by instalment payments at a frequency agreed with the debtor (e.g. weekly, fortnightly, monthly or as otherwise agreed with the debtor).
- 4.17 A copy of the agreed payment arrangement will be provided to a hardship debtor in writing, (email is acceptable) within 10 business days of an agreement being reached.
- 4.18 Council will not waive any fees, fines or interest for late payment (unless the Financial Hardship Policy applies).
- 4.19 The payment arrangement will be monitored to ensure that it is met as agreed in the payment plan.
- 4.20 If the arrangement is not adhered to, the outstanding debt will be immediately referred to the formal legal collection process, at the same step of the process when the arrangement was commenced.

Legal Debt Collection

- 4.21. All outstanding and overdue debtor accounts will be referred for the commencement of legal proceedings.
- 4.22. The Collection Agency will contact the Debtor to advise them of the need to make prompt payment. If payment is not made then the debt will be referred for a court order.
- 4.23. All communication regarding the debt will be managed by the Collection Agency and all costs and legal expenses will be charged against the Debtor.

Sale of land for unpaid rates and charges

- 4.24. Council may proceed to sell the land where any rate or charge is overdue and has remained in arrears for more than three (3) years from the date on which it became payable in accordance with section 184 of the Local Government Act 1999 (the Act).

This process will be commenced only after all reasonable attempts have been made to arrange payment of the debt.

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4. POLICY STATEMENT (Cont'd)

- 4.25. Once action taken in the legal debt collection process is exhausted and before any other legal action in terms of section 184 of the Act has commenced, Council will:
- 4.25.1 Obtain a copy of the Certificate of Title for the property;
 - 4.25.2 Advise the Ratepayer in writing of the debt outstanding; and
 - 4.25.3 Contact the Registered Mortgagee to obtain the position of the mortgagee regarding the possibility of refinancing or paying the arrears outstanding. If the registered mortgagee advises that this is not an option, then the Sale of Land for unpaid rates and charges process may commence.
- 4.26. Prior to instigating any action, the Debtor will be given the opportunity to make application for financial hardship.
- 4.27. All Rates Debtors that have outstanding property related amounts will be collected at the time of the sale settlement of the property. This includes charges such as land clearance for fire safety.

Fines on rates of estate properties

- 4.28. Where council rates on deceased estates are not paid by the due date, the appropriate fines in accordance with the Local Government Act, shall apply.

In the event that the executor can show proof of financial hardship, the CEO shall refer the application to the Council, as prescribed by the Local Government Act.

Variations to recovery of debt

- 4.29. The Director Corporate and Community has the authority to vary the provisions of this policy if the debt:
- 4.29.1 is a government grant or contribution and so subject to conditions of the grant agreement;
 - 4.29.2 is subject to differing or specific conditions of a lease, licence or permit;
 - 4.29.3 is subject to special arrangements negotiated for the recovery of the debt; or

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4. POLICY STATEMENT (Cont'd)

- 4.29.4 while the debt is in dispute and is subject to investigation, however once the matter is resolved the amount should be paid within 7 days and/or a payment arrangement put in place.

5. FURTHER INFORMATION

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site: www.pirie.sa.gov.au

- Port Pirie Council Administration Centre, 115 Ellen Street, Port Pirie
- Crystal Brook Rural Office, Bowman Street, Crystal Brook.

A copy will be provided to interested parties upon request, and if requested, upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

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