


	<b>ADMINISTRATIVE POLICY</b>	Policy #	4.2 / 3
	<b>DEBTORS</b>	Issued:	April 2022
<b>POLICY</b>		Next review	

<b>Category</b>	4. Finance	<b>Classification:</b>	Public
<b>First Issued:</b>		<b>Review Frequency:</b>	Each term of Council – 4 years
<b>Legislation:</b>	Local Government Act 1999, Water Industry Act 2012		
<b>Relevant Policies:</b>	Signed:		
<b>Related Procedures:</b>			
<b>Responsible Officer:</b>	Manager Administration & Finance		
<b>Adopted by Council :</b>	20/05/2022		

## 1. Purpose

To ensure a fair, equitable and consistent approach to Council's debt management and collection processes in an effective and timely manner. Council will attempt to recover all costs, interest and expenses incurred by Council while recognising the need to identify and consider individual cases of genuine hardship.

## 2. Definition

**Debtor** is 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.

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

**Default** means where a Council approved payment arrangement is in place and payments are not made as agreed by the principal ratepayer.

**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 In arrears** means Rates Overdue that have been overdue for a period greater than one (1) month.

**Rates Overdue** means unpaid balance of Council Rate quarterly payment from Rate Notices after the due date of the rates notice has passed.

**Water Code** means Water Retail Code – Minor & Intermediate Retailers developed by the Essential Service Commission of South Australia (ESCOSA)

**Water Service Customer** means any customer who receives a Water Account for either the Ceduna Koonibba Water West Scheme, Smoky Bay Aquaculture Park Water Scheme or Reticulated Recycled Effluent Water customers in Ceduna, Thevenard or Smoky Bay.

	<b>FINANCE POLICY</b>	Policy #	4.2 / 3
	<b>DEBTORS</b>	Last reviewed:	
		Next review	

### 3. Policy Statement

#### 3.1. Collection Process

##### 3.1.1. Council Rates

The following debt collection practices will be applied to rates in arrears without any payment arrangement in place:

- 1) Where no response is received, telephone contact and/or reminder letter requesting payment within 30 days or to contact Council to enter into an approved payment arrangement.
- 2) Where no response is received and rates in arrears is greater then the equivalent of two (2) quarterly rates instalment, a letter of demand will be issued requesting payment within 30 days. The letter will state that failure to make payment in full or to enter into an approved payment arrangement may result in the commencement of legal action.
- 3) Where no response is received and rates in arrears is greater then the equivalent of three (3) quarterly rates instalments at the discretion of Manager Administration & Finance the outstanding debt may be forwarded to Council's debt recovery agent for further action as considered appropriate.
- 4) Where no response is received and rates in arrears is greater then past three years rates, Council staff to commence issuing a letter of final demand will be issued by registered post requesting payment within 14 business days. The letter will state that failure to make payment in full or to enter into an approved payment arrangement may result in the sale of the property in accordance with section 184 of the Local Government Act 1999.
- 5) Where no response is received to final demand subject to delegated authority Council (or Council staff) may elect to sell the property for which the rates in arrears are greater then three years for the non payment of rates.

##### 3.1.2. Council Water Charges

The following debt collection practices will be applied to water service customers (greater than 21 days) without any payment arrangement in place:

- 1) Where no response is received a letter warning of overdue water account in accordance with the water code will be issued requesting payment or to enter into an approved payment arrangement within 14 days.

	<b>FINANCE POLICY</b>	Policy #	4.2 / 3
	<b>DEBTORS</b>	Last reviewed:	
		Next review	

- 2) Where no response is received a notice of water restriction in accordance with the water will be issued advising failure to pay outstanding water accounts or to enter into an approved payment arrangement within 14 days may result in the restriction of water service.
- 3) Where no response is received, a restriction of water flow device to be installed to Council water meter servicing the property.
- 4) Where no response to the restriction of water service is received within 14 days, the outstanding water debt will be forwarded to Council's debt recovery agent for further action as considered appropriate.

### 3.1.3. Sundry Debts


The following debt collection practices will be applied to **outstanding sundry debts** (greater than 30 days) without any payment arrangement in place or recovery process not covered under any council legal document (contract, lease, license):

- 1) A reminder requesting payment or to contact Council to enter into an approved payment arrangement.
- 2) Where no response is received, telephone contact and/or reminder letter requesting payment within 30 days or to contact Council to enter into an approved payment arrangement. Administration fees may be incurred and charged according with section 144 of the Local Government Act 1999.
- 3) Where no response is received, a letter of final demand will be issued by registered post requesting payment within 30 days. If the debt relates to a charge against a property then the debtor will be advised that the debt will be added onto their rates account in accordance with Section 144 of the Local Government Act 1999. The letter will state that failure to make payment in full or to enter into an approved payment arrangement may result in the commencement of legal action.
- 4) Where no response is received, outstanding debt will be forwarded to Council's debt recovery agent for further action as considered appropriate.

### 3.2. Provision for Doubtful Debts

Aged sundry and water account debts greater than 150 days shall be assessed as to whether there needs to be a provision made for doubtful debt, having regards to:

- 1) the size and nature of the debt
- 2) the debtor in question

	<b>FINANCE POLICY</b>	Policy #	4.2 / 3
	<b>DEBTORS</b>	Last reviewed:	
		Next review	

Aged debts less than 150 days may be provided for as a doubtful debt if the recovery of the debt is known to be unlikely (i.e. debtor is in liquidation, bankrupt or not locatable).

### 3.3. Write Off of Bad Debts

Debt may be considered for write off in accordance with Council approved delegations if there is no reasonable prospect of recovering the debt or the costs of recovery are likely to equal or exceed the amount to be recovered and reasonable attempts have been made to recover the outstanding amount. Debts will be written off in accordance with sections 143 of the Local Government Act 1999.

All amounts written off must firstly be certified by the Chief Executive Officer that:

- 1) reasonable attempts have been made to recover the debt; or
- 2) the costs of recovery are likely to equal or exceed the amount to be recovered

All debts written off will be reported to Council on an annual basis and will include the amount written off, description and reason for the write off.

## 4. Review

This Policy will be reviewed every four years after each general election.

## 5. Availability

This Policy is available for inspection without charge at the following location during ordinary business hours:

- Council Administration Building, 44 O’Loughlin Terrace Ceduna; or,
- Council Website: [www.ceduna.sa.gov.au](http://www.ceduna.sa.gov.au)