Debt Management Policy

Policy Number	POL-DEBTMV4
File Number	9/POL/DEBTM/2
Responsible Officer	Director of Corporate & Financial Services
Adopted	13 August 2019
Last reviewed at Council Meeting	17 November 2026
Minute Number	C11-26/008
Due date of next Review	November 2030

1. Purpose

1.1 The purpose of Council's *Debt Management Policy* (the Policy) is to ensure and support both ethical and best practice debt recovery undertaken by both Council's officers and its contracted agents.

1.2 The Policy clarifies the clear, equitable, accountable and transparent process for its debt management and collection practices and the writing off-of unrecoverable or bad debts owed to Council for rates or services provided to or received by the debtor.

1.3 That all debts owed to Council are received in a timely fashion while acknowledging that some ratepayers may require assistance due to financial hardship.

2. Definitions

2.1 A **Debt** is an amount of money owed, including an alleged debt.

2.2 **Debtor** is a natural person (which includes a company or corporation) obligated or allegedly obligated to pay a debt.

2.3 **Financial Hardship** means a circumstance of experiencing a lack of financial means, which may be either on going or temporary, and is supported by either a recognised welfare agency or an accredited financial advisor, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

3. Policy

3.1 Council depends on revenue from property rates and sundry debtors to fund services and facilities for the community. This policy provides the protocol to manage the recovery of unpaid debts**.**

3.2 Council has two main types of debts owed by debtors, being:

3.2.1 **rates debts** that are a charge on the land; and

3.2.2 **sundry debts** that relate to other goods and services that Council has provided to individuals, private and government organisations.

3.3 Delegated officers use their discretion in regard to the implementation of this Policy.

3.4 The management and recovery of outstanding debt is an important aspect of the Council's financial management function. The principles that apply in the management and recovery of debt are as follows:

3.4.1 Council has a responsibility to recover monies owing to it in a timely and efficient manner in order to finance its operations and ensure effective cash flow management.

3.4.2 Council operate effective billing and debt collection processes.

3.4.3 Council aims to minimise the amount of outstanding monies that it is owed.

3.4.4 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 due.

3.4.5 If a debtor cannot meet their obligations by the due date, it is in the interests of the debtor and the Council, that the debtor contact Council at the earliest opportunity to make appropriate arrangements to address the debt.

3.5 Rates Debtors

3.5.1 Section 181(8) of the *Local Government Act 1999* (the Act) requires Council to impose a penalty of a 2% fine on any rates that are not paid by the due date for each quarter. An amount that continues to be overdue is then charged an interest rate, which is set in accordance with Section 181(17) of the Act.

3.5.2 Where rates are overdue, Council provides ratepayers with a grace period of four (4) working days after the due date for payment. Thereafter, fines for late payment are imposed.

3.5.3 If a ratepayer defaults on the agreed payment plan or fails to contact Council to apply for a payment plan, Council may refer the debt to a debt collection agency when the amount is in arrears:

3.5.3.1 greater than $200, and

3.5.3.2 has been outstanding for two or more quarterly instalments.

3.5.4 Debt collection agency fees and court costs incurred are recoverable from the ratepayer.

3.5.5 Where rates on a property become three (3) years or more in arrears, Council may commence proceedings to sell the property under Section 184 of the *Local Government Act 1999*.

3.6 Hardship

Ratepayers experiencing financial hardship should refer to the *Rates Hardship Policy*. In regards to charges that relate to essential services that are provided by Council (Bowhill reticulated water supply system and the Community Wastewater Management Schemes), refer to the "Hardship Policy for Residential Customers of Minor and Intermediate Water Users".

3.7 Sundry Debtors

3.7.1 Normal payment terms are 30 days from the date of the invoice.

3.7.2 Debtors Statements are issued monthly for any amounts owing.

3.7.3 The following actions occur for outstanding debts:

3.7.3.1 Current Balance

a. Monthly Debtor Statement issued.

b. No further action taken at this time.

3.7.3.2 30-60 Day Overdue

Debtor Statement issued with a green color-coded "Friendly Reminder" sticker attached.

3.7.3.3 60-90 Days Overdue

a. Debtor Statement issued with a yellow color-coded "Any Reason" sticker attached.

b. The appropriate Director is notified of any overdue debts.

3.7.3.4 >90 Days Overdue

a. An initial letter is issued to the Debtor highlighting the overdue amount and offering a payment arrangement.

b. Nonresponse to the initial letter will trigger a final letter being issued prior to debt collection procedures being undertaken.

c. The final letter will include a statement with a red color-coded “Final Notice” sticker attached.

3.7.4 Prior to referring any debt to a collection agency or taking legal action, the appropriate Director must consider the individual circumstances of the debt before incurring additional costs which may not be recouped. Items to consider include:

3.7.4.1 amount of the debt

3.7.4.2 Debtors credit history

3.7.4.3 capacity to pay

3.7.4.4 if future Council services are likely to be called upon

3.7.4.5 continuation of service provision.

3.8 Community Groups Loans

3.8.1 The debt management process for Community Group Loans is similar to that set out in clause 3.6 Sundry Debtors, however debts will be assessed and processed on a case-by-case basis.

3.9 Debtor Write-Offs

3.9.1 Council acknowledges there are situations where recovering a debt is very difficult and it may be uneconomic to pursue further action. In these situations, it may be more cost effective for Council to write off the debts, rather than pursuing further action.

3.9.2 Under delegated authority, Director – Corporate and Financial Services is authorised to write off a debt in the following circumstances:

3.9.2.1 The debtor has left the address given and cannot be traced;

3.9.2.2 The amount is too small for legal action to be taken, or is not economically viable to pursue further;

3.9.2.3 The debtor is deceased and the amount is uncollectable;

3.9.2.4 The debtor has become bankrupt;

3.9.2.5 Upon recommendation of the debt collector that the amount is not collectable;

3.9.2.6 The debt is subject to a decision of a legal judgement or court order; or

3.9.2.7 Difficult circumstances as assessed by the relevant officers for debts that relate to services provided by Council.

4. Policy Responsibility

The Director – Corporate and Financial Services is responsible for ensuring the proper operation of this Policy.

5. Delegations

Director – Corporate & Financial Services, or their delegate, is authorised to process or write-off debts pursuant to this Policy.

6. Availability/Accessibility

6.1 This Policy and Council’s *Fees & Charges Register* are available to be downloaded free of charge from Council’s website: www.mid-murray.sa.gov.au.

6.2 This Procedure is available for inspection at Council's principal office during ordinary business hours. Hard copies, for a fee in accordance with Council's schedule of Fees and Charges, can be provided upon request.

7. Legislative Framework / Other References

7.1 *Local Government Act 1999*

7.2 *Rates Hardship Policy*

7.3 *Rating Policy*

8. Document History

This Policy shall be reviewed at least every four (4) years or more frequently if legislation or Council requires.

Version	Adopted	Minute	Description of Change
1	13 August 2019	20808/1	Policy Adopted
2	21 April 2020	20926/4	Updated to reflect stand-alone Rates Hardship Policy
	10 April 2024		Policy updated to new template
3	21 May 2024	C05-24/022	Amended to include: • new definitions for 'debt' and 'debtors' • Debtor Write Offs • Delegations
4	17 November 2026	C11-26/008	Reduce the amount at which outstanding debt can be referred to the Debt Collector.