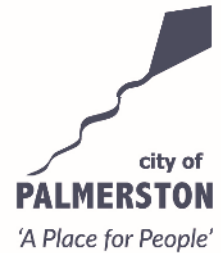


DEBT COLLECTION



COUNCIL POLICY

PURPOSE

City of Palmerston (Council) is committed to providing a considered and consistent approach to the decision-making process when collecting debt owed to Council.

PRINCIPLES

The Debt Collection Policy will ensure that:

- All debtors are shown utmost respect, courtesy and diligence in all dealings.
- Council will follow a clear, fair, equitable, accountable and transparent process for its debt management and collection practices.
- Proper records are kept of debts owed to Council in line with the *Local Government Act 2019 (NT)* and *Local Government (General) Regulations 2021*.

DEFINITIONS

For the purposes of this policy, the following definitions apply:

TERM	DEFINITION
Act	Refers to the <i>Local Government Act 2019 (NT)</i> .
Regulations	Refers to the <i>Local Government (General) Regulations 2021</i> .
Credit	When a ratepayer has paid their rates in advance of the rates being issued for the following year.
Debt	The amount of money owed by a debtor as a result of a transaction with Council.
Debtor	Any individual, corporation, organisation or other entity owing money to Council.
NTCAT	Northern Territory Civil and Administrative Tribunal
Provision for doubtful debts	The accounting procedure for recognising the estimated value of debts that may end up being uncollectable.



TERM	DEFINITION
Rates	As defined in line with Section 252 of the Act: <i>rates</i> includes: (a) a charge; and (b) if the rates (or charge) are overdue: (i) accrued interest; and (ii) costs reasonably incurred by the council in recovering, or attempting to recover, the rates (or charge).
Ratepayer	Means individual, corporation, organisation or other entity who pays, or is liable to pay, rates or a charge imposed on land Pursuant to Chapter 11 of the Act
Write off	The accounting procedure for removing debt that is no longer collectable, resulting in its removal from Council's balance sheet.

POLICY STATEMENT

1. Staff responsibilities

- 1.1 Council will ensure that all accounts that have a debt or are in credit are fairly and equitably managed.
- 1.2 While maximum possible collection targets are sought by Council, all debtors are shown utmost respect, courtesy and diligence in all dealings.
- 1.3 All debt collection arrangements are treated as strictly confidential.
- 1.4 Principles of risk management will underpin decisions made in relation to debt management:
 - 1.4.1. The possibility of non-payment of the debt by the debtor when the amount is due.
 - 1.4.2. The likelihood of non-payment increases with the age of the debt.
- 1.5 To reduce the risk of non-payment of debt, a structured management and collection process will be applied in compliance with the Act.

2. Debt Records

- 2.1. In line with the Regulations, proper records of debts owed to Council are kept electronically and are arranged by:
 - 2.1.1. Category of debt; and
 - 2.1.2. Age of debt.
- 2.2. The following categories of debt are recorded and debt collection processes considered individually:
 - 2.2.1. Rates Debtors
 - 2.2.2. Infringement Debtors
 - 2.2.3. Sundry Debtors
- 2.3. Debts will be recorded in a way that will enable financial reporting to the Council as detailed in Clause 8. Reporting.



3. Rates Debtors

- 3.1. Rates Debtors have incurred a Rates debt which includes:
 - 3.1.1. General Rates
 - 3.1.2. Special Rates
 - 3.1.3. Charges, for example waste
 - 3.1.4. Accrued interest
 - 3.1.5. Costs reasonably incurred by the council in recovering, or attempting to recover the above.
- 3.2. Payment Terms
 - 3.2.1. Council allows payment by instalments per financial year.
 - 3.2.2. If a ratepayer defaults in payment of an instalment by the due date, all remaining instalments become immediately due and payable.
- 3.3. Penalty Interest
 - 3.3.1. Interest will accrue on unpaid rates at the relevant interest rate as set by Council annually.
 - 3.3.2. A remission of interest may be granted in individual circumstances under the Rate Concession Policy.
- 3.4. Debt Collection Process

The debt collection process for rates debt will incorporate the following:

 - 3.4.1. Rates Notice: Council will issue rates notices at least 28 days before the first instalment of the rates falls due.
 - 3.4.2. Instalment Reminder Notice: Council will issue reminder notices at least 28 days before each instalment falls due.
 - 3.4.3. Overdue Letter: Overdue letters will be issued to inform of any overdue amounts and advise of possible legal action. Other forms of communication, as deemed necessary, such as telephone, SMS notification and emails may also be used to notify debtors of amounts owed.
 - 3.4.4. External Debt Collection Agency: Council may engage an external debt collection agency to undertake management and debt collection on behalf of Council. All expenses incurred during this process will be charged to the relevant rates debtor and recovered in full.
 - 3.4.5. Overriding Statutory Charge: If rates have been in arrears for at least 6 months, Council may apply for registration of an overriding statutory charge over the land. All expenses incurred during this process will be charged to the relevant rates debtor and recovered in full.
 - 3.4.6. Letter of demand: A Letter of Demand issued by nominated legal firm demanding payment in full or legal action will commence.
 - 3.4.7. NTCAT Order: Application made on behalf of Council for the rates debt on the property, which specifies actions required to be undertaken by the rates debtor with regard to the debt.
 - 3.4.8. If the NTCAT Order is registered with the Local Court, an application can be made to the Local Court for enforcement action to recover the outstanding debt
 - 3.4.9. Local Court - Order Enforcement refers to the legal process of enforcing a court order that has been made by the Local Court:
 - i. Examination of Summons - Where the debtor is summoned to attend an Examination hearing where they inform the court of their financial circumstances and ability to pay the debt.
 - ii. Attachment of Earnings - A court order that obliges the debtor's employer to pay part of the debtor's salary directly to the creditor.

- iii. Attachment of Debts – A court order that obliges a third party (e.g. a tenant or real estate agent) to pay money owed to the debtor to the creditor.
 - iv. Warrant of Seizure and Sale - The seizure and sale of the debtor's assets to pay the debt (also includes the sale of land).
- 3.5. Sale of Land
- 3.5.1 Council has ability to recover outstanding rates debt, through sale of land as per Clause 3.4.9 (iv) as set out in the *Local Court Rules 2023 (NT)* or as per Clause 3.5.2 as set out in Section 258 to 260 of the Act.
 - 3.5.2 If rates have been in arrears for at least 3 years and an overriding statutory charge has been registered for at least 6 months, Council reserves the right to sell land for non-payment of rates. This process must include the following
 - i. instructing an external provider to undertake this process.
 - ii. notice must be given 21 days prior to the auction and advertisement must be placed in the newspaper as prescribed by section 260 of the Act.
 - 3.5.3 All expenses incurred during this process will be charged to the relevant rates debtor and recovered in full.
- 3.6. Payment Arrangements
- 3.6.1. Council may enter into a payment arrangement with any ratepayer.
 - 3.6.2. Agreements are made on an individual basis depending on the situation and payment history of a rates debtor.
 - 3.6.3. Penalty interest for overdue rates or charges will continue to accrue unless a rates concession has been granted to the rates debtor in accordance with the Rate Concession Policy.
- 3.7. Provision for Doubtful Debts
- 3.7.1 Rates are a charge over the land, therefore provision for doubtful debt for rates debt will only be established if the origin of the debt is doubtful, for example if an anomaly exists or where sufficient evidence shows the rates debt is not substantiated.
 - 3.7.2 As the debt is transferred with the land, it is not a doubtful debt if there is certainty regarding whether the rates can be recovered from the current landowner.

4. Infringement Debtors

- 4.1 Infringement Debtors have incurred a debt of a regulatory nature by committing an offence against a Council By-Law. For the purpose of this policy an infringement debt can include one or more of the following:
- 4.1.1. Parking/Traffic Infringement
 - 4.1.2. Animal Infringement
 - 4.1.3. Public Places Infringement
 - 4.1.4. Litter Infringement
 - 4.1.5. Signage Infringement
 - 4.1.6. Other Law and Order Infringements
- 4.2 Payment Terms
- 4.2.1. In accordance with the *Fines and Penalties (Recovery) Act 2001 (NT)*, any infringement issued by Council under this Legislation allows the alleged offender 14 days to pay the prescribed amount.
 - 4.2.2. Payment must be made in full; no part payments will be accepted.
- 4.3 Penalty Interest - Council does not apply penalty interest to the outstanding debt of infringement debtors.
- 4.4 Debt Collection Process
- 4.4.1. Overdue letter: If payment is not received within 14 days, a courtesy letter will be issued with an additional administration cost applied requiring payment within 28 days of receiving the letter.

- 4.4.2. Fines Recovery Unit: Unpaid infringements may be lodged with the Fines Recovery Unit if payment is not received 28 days after receipt of the overdue letter, and enforcement orders may be made.
- 4.5 Payment Arrangements
 - 4.5.1. An infringement notice can only be paid in full to Council.
 - 4.5.2. Once an unpaid infringement is lodged with the Fines Recovery Unit they are the competent authority that manages payment arrangements.
- 4.6 Withdrawal of infringement
 - 4.6.1. The withdrawal of an infringement notice may only be authorised by an officer holding the appropriate delegation.
 - 4.6.2. Withdrawal of an infringement may occur from the following reasons:
 - i. After a written review has been submitted to Council against the alleged offence which, in the opinion of the delegated officer, has merit; or
 - ii. An administrative error or legal issue has been identified with the infringement notice.
 - 4.6.3. Written confirmation of the infringement withdrawal will be sent to the customer.
- 4.7 Provision for doubtful debts - A provision for doubtful debt is made, made in line with the Australian Accounting Standards for doubtful debt, if a person who receives an infringement chooses to have the matter dealt with by the Courts for unpaid infringements lodged with the Fines Recovery Unit.

5. Sundry Debtors

- 5.1 Sundry Debtors have incurred a debt for other Goods and/or Services delivered by Council. For the purpose of this policy a sundry debt can include one or more of the following:
 - 5.1.1. User Fees and Charges
 - 5.1.2. Statutory Charges
 - 5.1.3. Investment Income
 - 5.1.4. Reimbursements
 - 5.1.5. Other Income
 - 5.1.6. Grants, Subsidies and Contributions
- 5.2 Payment Terms
 - 5.2.1. Payment terms for all Sundry debtors are 30 days from the date of invoice.
 - 5.2.2. Where appropriate, prepayment, bonds or deposits will be required prior to Council commencing the supply of goods or services.
 - 5.2.3. Council reserves the right to request full payment in advance depending on a debtor's payment history.
- 5.3 Penalty Interest - Council may apply penalty interest to the outstanding debt of sundry debtors.
- 5.4 Debt Collection Process
 - 5.4.1. Monthly Statements: Sundry debtors are issued with statements of all outstanding debt at the end of each calendar month.
 - 5.4.2. Reminder Letter: When deemed appropriate Council may issue reminder letters to sundry debtors to inform them of an overdue amount and advise of possible legal actions.
 - 5.4.3. External Debt Collection Agency: Council may involve an external debt collection agency to issue letters of demand or other legal actions. All incurred expenses will be charged to the relevant sundry debtor and recovered in full.
- 5.5 Payment Arrangements
 - 5.5.1 Council may enter into a payment arrangement with any sundry debtor.
 - 5.5.2 Agreements are made on an individual basis depending on the situation and payment history of a sundry debtor.



- 5.6 Provision for Doubtful Debts - Where the recovery of debt is unlikely prior to completing all steps listed in the debt collection process (i.e. if a debtor is bankrupt or in liquidation), a provision shall be made in line with the Australian Accounting Standards for doubtful debt.

6. Debt Write-off

- 6.1 Write-off of debts must occur in accordance with the Act and seek Council resolution.
- 6.2 For a rates or charges debt to be written off, the Chief Executive Officer must certify that there is some doubt whether the rates were properly imposed, or are recoverable at law, or it would be impracticable or uneconomical to recover the rates.
- 6.3 For debts that fall into other categories the Chief Executive Officer must certify that all reasonable efforts have been made to recover the debt and it is not reasonably possible to recover it.
- 6.4 The writing-off of debt does not prevent Council from subsequently taking action for the recovery of the debt.

7. Authority

The authority of a council officer to initiate the debt collection process and enter into a payment arrangement with a debtor is outlined in Council's Register of Delegations and is individually assessed dependent on the category of debt, the amount and age of the debt.

8. Reporting

- 8.1 Council receives information on outstanding debt as part of the monthly finance report.
- 8.2 Rates debts are reported to Council on a monthly basis and are categorised as follows:
- 8.2.1 Current year: annual rates issued, overdue by instalment
 - 8.2.2 Prior years: rates overdue by year.
- 8.3 At least once in a financial year, Council receives information on the number of properties that have rates in arrears of more than two years and the actions taken to recover them.
- 8.4 All other debt balances are reported and categorised by age from the issued date:
- 8.4.1 Debt not yet due
 - 8.4.2 30 days overdue
 - 8.4.3 60 days overdue
 - 8.4.4 90 days overdue
 - 8.4.5 Overdue, greater than 90 days
- 8.5 Any debt that has been written off during that financial year must be reported as part of the monthly finance report.

ASSOCIATED DOCUMENTS

- Rate Concession Policy

REFERENCES AND RELATED LEGISLATION

- *Local Government Act 2019* (NT)
- *Local Government (General) Regulations 2021* (NT)
- *Fines and Penalties (Recovery) Act 2001* (NT)
- Australian Accounting Standards

POLICY DETAILS

OWNER	Chief Executive Officer	RESPONSIBLE OFFICER	General Manager Finance & Governance
APPROVAL DATE	4 November 2024	NEXT REVIEW DUE	Quarter 2, 2027
RECORDS NUMBER	651496	COUNCIL DECISION	11/084

