

Name:	Debt Collection		
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Owner:	Chief Executive Officer		
Responsible Officer:	Director Corporate Services		
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1 PURPOSE

This policy sets out a clear, equitable, accountable and transparent process that Council will follow for its debt management and collection practices. The Policy will ensure that proper records are kept of debts owed to Council in line with the Local Government Act Northern Territory and corresponding Regulations.

2 PRINCIPLES

City of Palmerston is committed to provide a considered approach and consistent decision making process when collecting debt owed to Council.

3 DEFINITIONS

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

Term	Definition
The Act	The term refers to the Local Government Act Northern Territory.
Accounting Regulations	The term refers to the Local Government (Accounting) Regulations.
Debt	The amount of money owed by the debtor as a result of a transaction with Council.
Debtor	Any individual, corporation, organisation or other entity owing money to Council.
Risk	The possibility of non-payment of the debt by the debtor when the amount is due. The likelihood of non-payment increases with the age of the debt.
Write Off	The accounting procedure for cancelling debt that is no longer collectable resulting in its removal from Council's balance sheet.
Rates	For the purpose of this policy the term is defined in line with Section 168 of the Act.
Provision for Doubtful Debts	The accounting procedure for recognising the estimated value of debts that may end up being uncollectable.

4 POLICY STATEMENT

4.1 Staff Responsibilities

- 4.1.1 Council will ensure that all credit and related debts are managed fairly and equitably. Maximum possible collection targets are sought by Council. All debtors are shown utmost respect, courtesy, and diligence in all dealings. All debt collection arrangements are treated as strictly confidential.

4.1.2 The department providing the goods and/or services to the debtor will be responsible for completing the documentation required for an invoice to be generated and providing finance with all known contact details for the debtor. Finance will be responsible for raising the invoice and collection of any debts for all departments.

4.1.3 Principles of risk management will underpin decisions made in relation to credit and related debt management. To reduce the risk of non-payment of debt, a structured collection and collection process will be applied.

4.2 Debt Records

4.2.1 In line with Section 26 Accounting Regulations proper records of debts owed to council are kept by computer and are arranged by:

- Category of debt; and
- Age of debt

4.2.2 The following categories of debt are recorded:

- Rates Debtors
- Infringement Debtors
- Sundry Debtors

4.2.3 The following categories of age are recorded:

- Current balance (not overdue - Invoice date equals report date)
- 30 days balance (due - Invoice date is 1 to 30 days smaller then report date)
- 60 days balance (overdue - Invoice date is 31 to 60 days smaller then report date)
- 90 days balance (overdue - Invoice date is 61 to 90 days smaller then report date)
- Over 90 days balance (overdue - Invoice date more than 90 days smaller then report date)

4.2.4 Each category of debt, by its particular name, requires distinct methods of debt collection processing. Each category is considered individually hereunder.

4.3 Rates Debtors

4.3.1 Definition

Rates Debtors have incurred a debt of Rates. For the purpose of debt collection the definition of Rates follows Section 168 of the Act. Rates include:

- General Rates
- Special Rates
- Charges
- Accrued interest
- Costs reasonably incurred by the council in recovering, or attempting to recover the above

4.3.2 Payment Terms

In line with Section 161 of the Act Council allows payment by four instalments per financial year. The Act states that if a ratepayer defaults in payment of an instalment by the due date, all remaining instalments become immediately due and payable.

4.3.3 Penalty Interest

In line with Section 162 of the Act interest will accrue on unpaid rates at the relevant interest rate. The relevant interest rate will be set by Council annually. A remission of interest may be granted in individual circumstances under the FIN17 Rate Concession Policy.

4.3.4 Debt Collection Process

- Rates Notice: In accordance to Section 159 of the Act Council will issue rates notices at least 28 days before the first instalment of the rates falls due. The notice

states the due dates and amounts due for all instalment dates of the financial year and outlines arrears from former financial years due and payable now.

- **Reminder Notice:** Council will issue Reminder Notices at least 21 days before each instalment thereafter. The notice states the due dates and amounts due for the instalments remaining in the financial year and outlines overdue amounts of the rates account.
- **Reminder Letter:** When deemed appropriate Council may issue Reminder Letters to rate debtors to inform of an overdue amount and advise of possible legal actions.
- **External Debt Collection Agency:** Council may involve an external debt collection agency for issuing reminder letters or field calls. All incurred expenses will be charged to the relevant rates debtor and recovered in full.
- **Overriding statutory charge:** In accordance to Section 170 and 171 of the Act rates become a charge on the land if not paid by the due date. After rates have been in arrears for at least 6 months, council may apply for registration of the charge over the land to which the charge relates. All incurred expenses will be charged to the relevant rates debtor and recovered in full.
- **Sale of land:** Council reserves the right to sell land for non-payment of rates as outlined in Part 11.9 Division 4 of the Act if rates have been in arrears for at least 3 years, and an overriding charge has been registered for at least 6 months. Council will employ legal representatives in the process. All incurred expenses will be charged to the relevant rates debtor and recovered in full.

4.3.5 Payment Arrangements

Council may enter into payment arrangement with any ratepayer. Those agreements are made on an individual basis depending on the situation and payment history of a rates debtor. With payment arrangements penalty interest for overdue rates will continue to accrue unless a rates concession has been granted to the rates debtor (refer to FIN17 Rate Concession Policy).

4.3.6 Debt Write Off

Council may by resolution, write off unpaid rates or some other debt owed to council under Section 27 Accounting Regulations. The writing off of a debt under the regulation does not prevent the Council from subsequently taking action for the recovery of the debt.

4.3.7 Reporting

As part of the monthly finance report council receives information about rates outstanding as per instalment date and as per financial year. The report will outline debts written off and a summary of rates debtors in the debt collection process.

4.3.8 Authorities

The authority of a council officer to initiate the debt collection process and enter rates into payment arrangements with rates debtors is outlined in council's delegation manual, and is dependent on the amount and age of the debt.

4.3.9 Provision for Doubtful Debts

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 and not if it is doubtful that the rates can be recovered from the current land owner.

4.4 Infringement Debtors

4.4.1 Definition

Infringement Debtors have incurred a debt of regulatory nature. For the purpose of this policy an Infringement debt can include one or more of the following:

- Parking/Traffic Infringement
- Animal Infringement

- Public Places Infringement
- Litter Infringement
- Signage Infringement
- Other Law and Order Infringement

4.4.2 Payment Terms

In accordance with the Fine and Penalties Recovery Act, any infringement issued by Council under the Legislation allows the alleged offender 14 days to pay the prescribed amount. Payment must be made in full, no part payments will be accepted.

4.4.3 Penalty Interest

Council is not applying penalty interest to the outstanding debt of infringement debtors.

4.4.4 Debt Collection Process

If payment is not received within 14 days, a courtesy letter will be issued with an additional administration cost requiring payment within 28 days of receiving the letter. Unpaid infringements might be lodged with the Fines Recovery Unit and enforcement orders may be made. Enforcement measures can include licence suspension, property seizures and community work orders. Enforcement orders add costs to the original penalty.

4.4.5 Payment Arrangements

Fines can only be paid in full to Council. Once an unpaid infringement is lodged with the Fines Recovery Unit they are the competent authority that manages payment arrangements.

4.4.6 Debt Write Off

The cancellation or withdrawal of an infringement notice may only be authorised by an officer holding the appropriate delegation. Withdrawal of an infringement may also occur after a written appeal has been submitted to Council against the alleged offence, which in the opinion of the relevant officer has merit. Written confirmation of the infringement cancellation will be sent to the customer.

4.4.7 Reporting

As part of the monthly Finance report Council is informed about the outstanding infringement debt categorised by infringement type.

4.4.8 Authorities

The authority of a council officer to recover infringement debts is outlined in council's delegation manual.

4.4.9 Provision for Doubtful Debts

A provision for Doubtful Debt is made, if a person who receives an infringement chooses to have the matter dealt with by the Courts.

4.5 Sundry Debtors

4.5.1 Definition

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:

- User Fees and Charges
- Statutory Charges
- Investment Income
- Reimbursements
- Other Income
- Grants, Subsidies and Contributions

- 4.5.2 **Payment Terms**
Payment terms for all Sundry debtors are 30 days from the date of invoice. Where appropriate, prepayment, bonds or deposits will be required prior to Council commencing the supply of goods or services. Council reserves the right to request full payment in advance depending on a debtor's payment history.
- 4.5.3 **Penalty Interest**
Council is not applying penalty interest to the outstanding debt of sundry debtors.
- 4.5.4 **Debt Collection Process**
- **Monthly Statements:**
Sundry Debtors are issued with statements of all outstanding debt at the end of each calendar month.
 - **Reminder Letter:**
When deemed appropriate Council may issue Reminder Letters to sundry debtors to inform of an overdue amount and advise of possible legal actions.
 - **External Debt Collection Agency:**
Council may involve an external debt collection agency for issuing reminder letters or other legal actions. All incurred expenses will be charged to the relevant sundry debtor and recovered in full.
- 4.5.5 **Payment Arrangements**
Council may enter into payment arrangement with any sundry debtor. Those agreements are made on an individual basis depending on the situation and payment history of a sundry debtor.
- 4.5.6 **Debt Write Off**
Council may by resolution; write off unpaid debt owed to council under Section 27 Accounting Regulations. The writing off of a debt under the regulation does not prevent the Council from subsequently taking action for the recovery of the debt.
- 4.5.7 **Reporting**
As part of the monthly finance report council receives information about sundry debts outstanding categorised by age.
- 4.5.8 **Authorities**
The authority of a council officer to initiate the debt collection process and enter debt into payment arrangements with sundry debtors is outlined in council's delegation manual, and is dependent on the amount and age of the debt.
- 4.5.9 **Provision for Doubtful Debts**
Where the recovery of debt is unlikely prior to completing all steps listed in the debt collection process (i.e. where the debtor is bankrupt or in liquidation), a provision shall be made in line with the Australian Accounting Standards.

5 ASSOCIATED DOCUMENTS

- 5.1 City of Palmerston Rates Debt Collection Procedure
- 5.2 City of Palmerston Infringements Debt Collection Procedure
- 5.3 City of Palmerston Sundry Debt Collection Procedure
- 5.4 City of Palmerston Policies

6 REFERENCES AND RELATED LEGISLATION

- 6.1 Northern Territory Local Government Act
- 6.2 Northern Territory Local Government (Administration) Regulations
- 6.3 Northern Territory Local Government (Accounting) Regulations
- 6.4 Australian Accounting Standards
- 6.5 Ministerial Guidelines
- 6.6 Palmerston By-laws

- 6.7 Fines and Penalties (Recovery) Act.
- 6.8 Local Government General Instructions