

## 1. POLICY CERTIFICATION

Policy title:	<b>Debt Collection Policy</b>
Policy number:	<b>FIN002</b>
Category:	<b>Policy</b>
Classification:	<b>Finance</b>
Status:	<b>Approved</b>

## 2. PURPOSE

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management. The objective of this policy is to:

- To ensure a fair, consistent and accountable approach to Council's debt management and collection decisions and practices.
- Assist in the efficient management of Council assets through the timely collection of outstanding monies
- To minimise the amount of outstanding monies that Council is owed.

## 3. ORGANISATIONAL SCOPE

This policy has been developed in accordance with Council's Strategic Plan 2013-16. This policy applies to all Organisational Directives and Standard Operating Procedures developed by Roper Gulf Regional Council relating to the collection of debt from outstanding debtors. It is relevant to all Roper Gulf Region constituents and clients. This policy will give guidance to the finance department on the application of debt collection.

## 4. POLICY STATEMENT

It is the intention of Roper Gulf Regional Council to provide a fair, consistent and equitable approach to the collection of debt. Roper Gulf Regional Council recognises the financial implications and the importance ensuring efficient management of its receivables and recovery of funds. Debtors shall be provided a reasonable opportunity to settle outstanding monies and:-

- Council will explain the debtor's rights and obligations in relation to any action that Council might take to recover debt;
- Council will not issue a letter of demand to a debtor without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt.
- Once a letter of demand has been issued legal action will proceed and any settlement negotiations will be made on a "without prejudice" basis so that the legal right to collect the debt is not compromised.
- Council will invoke sections 171 and 173 of the Local Government Act (2008) NT which allows Council the power to sell land for non-payment of rates under particular circumstances (see 5.2 Debt Management of this document)
- Council will operate effective billing and debt collection processes.

## 5. DEFINITIONS

<b>Council</b>	Roper Gulf Regional Council
<b>LGA</b>	Local Government Act
<b>RGRC</b>	Roper Gulf Regional Council

## 6. PRINCIPLES

### 6.1 Debtor Responsibilities

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 required. If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor and Council for the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the debt.

### 6.2 Debt Management

The following debt collection practices will be applied to all debts (rates and sundry debtors) that are not in dispute which have been outstanding for a minimum of 30 days;

- First reminder letter will be forwarded after 45 days of non-payment, requesting payment within 14 days or to contact Council to enter into an arrangement.
- Where no response is received within 14 days of first letter, a final reminder letter will be forwarded requesting payment within 14 days or to contact Council to enter into an arrangement. The letter will state that failure to make payment in full or to enter into an arrangement will result in the commencement of legal action.
- Where no response has been received, outstanding debt will be forwarded to Council's debt collection agent.
- In the case of outstanding rates payment:-
  - Section 171 (LGA 2008) enables Council to apply to register an overriding statutory charge over land after rates have been in arrears for at least 6 months.
  - Section 173 (LGA 2008) gives Council the power to sell land for non-payment of rates if rates have been in arrears for a least 3 years, and an overriding statutory charge securing liability for the rates has been registered for at least the last six months. Council intends to invoke Section 173 when it is legally able to.

### 6.3 Disputing a Sundry Debt

In the event that a sundry debt is in dispute, the debtor will lodge a complaint in writing, by either submitting a letter or completing a customer complaint form.

The Finance Manager will report the dispute and recommended resolution to the Strategic Leadership Team to ensure that a timely response is forthcoming, in accordance with Council's service standards.

## 7. REFERENCES

Acknowledgements (source documents)	
Related Documents	SOP102 – Debt Collection Procedure
Related Publications	<i>Local Government Act 2008</i> <i>Local Government (Accounting) Regulations</i>

